The following document has been received:

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Company Information

SEC Registration No.: 0000004409
Company Name: 2GO GROUP, INC. DOING BUSINESS U NDER THE NAMES & STYLES OF 2GO TRAVEL; 2GO FREIGHT; 2GO SUPPLY CHAIN; 2GO DISTRIBUTION; ATS;
Industry Classification: I61000
Company Type: Stock Corporation

Document Information

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Acceptance of this document is subject to review of forms and contents

COVER SHEET

SEC Registration Number

4409

Company Name

2GO GROUP, INC.

Principal Office (No./Street/Barangay/City/Town/Province)

8TH FLOOR TOWER 1 DOUBLE DRAGON PLAZA MACAPAGAL BLVD. CORNER EDSA EXTENSION, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CGFD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(02) 8528-7171	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
		December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Elmer B. Serrano	**elmer.serrano@serranolawph.com**	**+632-8651-7408**	

Contact Person's Address

1105, Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2024**

2. SEC Identification Number **4409** 3. BIR Tax Identification No.**000-313-401-000**

4. Exact name of issuer as specified in its charter **2GO Group, Inc.**

5. Philippines
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **8th Floor, Tower 1, DoubleDragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City**
Address of principal office Postal Code **1302**

8. **(02) 8528-7171**
Issuer's telephone number, including area code

9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	2,462,146,316

11. Are any or all of these securities listed on a Stock Exchange.

Yes [ ] No [**X**]

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates as of December 31, 2024: Not Applicable. 2GO shares are not listed in any stock exchange.

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

2GO GROUP, INC.

Business Development

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. Pursuant to the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila. 2GO's shares of stock were publicly traded on the Philippine Stock Exchange (PSE) until 17 July 2023, the effective date of its voluntary delisting from the PSE Main Board.

As stated in a disclosure dated June 3, 2021, SM Investments Corporation (**SMIC**) completed its acquisition from KGLI-NM Holdings, Inc. (**KGLI-NM**) of 550,558,388 common shares representing 22.36% of the 2GO Group, Inc. (**2GO**) via a special block sale through the facilities of the PSE, resulting in the increase of SMIC's current shareholding from around 30.53% to approximately 52.85% of 2GO. Following this transaction, 2GO is now a subsidiary of SMIC. The transaction was completed on the same date of the disclosure.

On the same date, Trident Investments Holdings Pte. Ltd. (**Trident**) purchased 230,563,877 common shares in 2GO from KGLI-NM and 550,558,388 common shares from China-ASEAN Marine B.V., or a total of 781,122,265 common shares representing approximately 31.73% of 2GO. The sale transactions were transacted via special block sales through the Philippine Stock Exchange, Inc. The sale transaction was transacted via special block sale through the Philippine Stock Exchange and paid in cash.

Trident is an entity directly controlled and majority owned by Archipelago Asia Focus Fund II Pte Ltd, a company incorporated under the laws of the Republic of Singapore and is indirectly controlled by Archipelago Capital Partners Pte. Ltd. (**Archipelago**). Archipelago is a Singapore-based private equity firm that is licensed by the Monetary Authority of Singapore and invests across Southeast Asia.

SMIC Tender Offer

On February 28, 2023, the Board of Directors of SMIC approved its conduct of a tender offer for up to 378,817,279 common shares constituting 15.39% of the issued and outstanding common capital stock of 2GO, subject to an independent third party fairness opinion. On the same date, the 2GO Board approved the voluntary delisting of 2GO shares from the Main Board of PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission.

On 10 March 2023, 2GO received the Tender Offer Report from SMIC containing the following details of the tender offer:

a. Tender Offer Shares - up to 378,817,279 2GO common shares;
b. Tender Offer Price – Php14.64 per common share;
c. Tender Offer Period – March 15 to April 28, 2023; and
d. Payment and Settlement Date – May 10, 2023.

During the tender offer period, a total of 352,690,680 common shares or approximately 14.32% of the total issued and outstanding common shares of 2GO were tendered and accepted by SMIC. The accepted Tender Offer Shares were crossed through the PSE on 5 May 2023 (**Cross Date**). The tendered shares were purchased by SMIC at the Tender Offer Price, or for a total consideration of Five Billion One Hundred Sixty-Three Million Three Hundred Ninety-One Thousand, Five Hundred Fifty-Five and 20/100 Pesos (Php5,163,391,555.20). The sale and purchase of the tendered shares were settled no later than 10 May 2023.

As a result, SMIC and Trident Investments Holdings Pte. Ltd. (**Trident**) now own over 95% of the outstanding common stock of 2GO. In particular, SMIC and Trident own a total of 2,435,983,917 common shares or 98.94% of the total outstanding common stock of 2GO, with SMIC owning 1,654,861,652 common shares or 67.21% of the total outstanding common stock of 2GO and Trident owning 781,122,265 common shares or 31.73% of the total outstanding common stock of 2GO. Publicly held shares is now at 1.06% of the total outstanding capital stock of 2GO.

Following the successful tender offer, The Philippine Stock Exchange, Inc. approved the Petition for Voluntary Delisting of 2GO, effective 17 July 2023.

Product Lines and Markets

2GO and its subsidiaries (collectively referred to as the Group) provide shipping, logistics and distribution services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group operates interisland roll-on/roll-off freight and passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery. The distribution group leverages 2GO's shipping and logistics services to provide value-added distribution services to principals and customers.

The Group's various businesses are known in the market by its strong flagship brand "2GO". The Group is composed of three core business units:

1. ***Sea Solutions*** — known as 2GO Freight and 2GO Travel, the Sea Solutions business unit owns and operates a fleet of roll-on/roll-off freight and passenger (ROPAX) vessels which offer fast and reliable services and the widest choice of routes linking Luzon, Visayas, and Mindanao, through land and sea multimodal transport linkages.

2. ***Logistics*** — operates under the brands 2GO Express, 2GO Logistics, Special Container and Value-added Services, and Kerry Logistics. This business unit offers transportation, warehousing, cold chain solutions, auto rolling cargo shipping, containerized shipping, break bulk & LCL consolidation, ISO tank shipments, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery.

3. ***Distribution*** — known as Scanasia, this business unit leverages on more than 100 years of expertise in Logistics, Distribution, Warehousing, and Inventory Management.

Sea Solutions

2GO Freight provides door-to-door and pier-to-pier transportation of raw materials and finished goods on full container load (FCL), less container load (LCL) or loose cargo shipments. Sea shipments are fulfilled via its fleet of large and medium ROPAX vessels, which are differentiated from freighter vessels as they offer speed and reliability of schedule.

2GO Travel provides comfortable and secure sea transportation between major ports nationwide. It offers a wide selection of hotel and accommodation services, as well as tours and events, on top of traditional passenger transport Beyond routine point-to-point transport, 2GO Travel provides a leisurely and low-cost travel experience. The Company's ability to guarantee convenience and affordability underpins its positioning as the preferred means of travel around the islands.

Significant Subsidiaries of 2GO Group, Inc.

1. 2GO Express, Inc.

2GO Express provides land, air, and sea transportation including courier services, general cargo, sea cargo services, and last mile delivery for e-commerce. 2GO Express operates a nationwide network of retail outlets and partner agents. In partnership with leading international courier companies, 2GO Express also provides international express document, parcel, and cargo delivery services as the local partner of FedEx.

2GO Retail brings 2GO's end-to-end solutions closer to its customers by offering services of domestic parcel delivery, FedEx international services, and sale of 2GO Travel tickets. The Retail group constantly develops services to cater to the rapidly evolving needs of the retail consumer market.

Subsidiaries of 2GO Express, Inc.

2GO Logistics, Inc.

2GO Logistics provides transportation and warehousing solutions to principals throughout the Philippines, including inventory management, trucking, crossdocking, and domestic freight. 2GO Logistics leverages the Group's collective capability to serve customers nationwide given its expansive physical infrastructure of warehouses, trucks, and vessels. Through investment in modern enabling technology and process improvement, 2GO Logistics aims to provide services at the standard of international third-party logistics providers.

ScanAsia Overseas Inc. (SOI)

SOI is the Distribution business unit of 2GO. It completes the end-to-end proposition of 2GO by making products of principals available at store shelves of various retail customers nationwide. SOI traces its roots to specialist distribution services for the Dairy category by representing leading brands in various Modern Trade and Food Service outlets. SOI has expanded its distribution footprint to the FMCG category and the Pharma-Convenience store channel. In a meeting of the Board of Directors of 2GO, the Board approved the cessation of operations of Scanasia Overseas, Inc., effective 31 March 2024.

Kerry Logistics (Phils.), Inc. (KLPI)

KLPI is a joint venture between 2GO and Kerry Logistics Network Limited of Hong Kong. KLPI has strategically located branches and warehouses in Manila, Luzon, Visayas and Mindanao offering diverse services, including international and domestic air and sea freight forwarding, cargo consolidation, warehousing and domestic distribution, dangerous goods handling, customs brokerage, building logistics and exhibition logistics.

2GO Land Transport, Inc.

2GO Land Transport, Inc. provides transportation, hauling or forwarding of cargo, freight, merchandise, goods, and other articles within the lawful commerce of man by means of trucks, automobiles, and both container and closed vans.

2. Special Container and Value Added Services, Inc. (SCVASI)

SCVASI provides innovative and strategic transportation solutions in the cold chain and liquid transportation sector, including temperature-controlled vans and trucks (Reefer Containers for FCL and LCL), hauling service for bulk liquids (domestic and international ISO tank and Flexibags). SCVASI is also engaged in project logistics, serving both private and public sectors in industries including infrastructure, power, telecommunications, mining, and property.

Competition

The Group considers the following as its major competitors in the domestic shipping industry: Philippine Span Asia Container Corp, Oceanic Container Lines and National Marine Corporation, Lorenzo Shipping, Solid Shipping Lines and Moreta Shipping. The Group also considers the airline industry and the Ro-Ro Nautical Highway as its indirect competitors, particularly in the travel business. Travel and freight rates are generally determined by the Philippine Liner Shipping Association (PLSA), the association of shipping operators, where 2GO is also a member.

Major competitors in the logistics business include domestic courier and freight forwarding companies such as LBC Express, JRS Express, and Air 21. In warehousing and trucking, the group competes with both domestic and multinational logistics companies. In last-mile delivery, there is also added competition from regional startups such as Ninja Van and J&T Express.

Customers

For freight, logistics, and distribution, 2GO caters to a broad customer base with particular strengths in the FMCG, Automotive, Industrial, Pharmaceutical and Lifestyle verticals. 2GO provides a wide range of transportation solutions including air, sea, and land, both ambient and temperature-controlled. 2GO also provides specialized warehousing and management solutions for these segments. For travel, 2GO caters to both commuters and leisure travelers, providing safe, reliable, and affordable passage nationwide.

Purchases of Materials, Parts and Supplies

Fuel and vessel spare parts are the major supplies and materials needed for operations. Materials, parts and supplies are obtained mostly from local suppliers at competitive rates. The Group does not expect any shortage in any of these supplies and does not depend upon one or limited number of suppliers for said supplies.

Patents, Trademarks, Copyrights, Licenses, Franchises

Trademarks

2GO is the registered owner of the following marks for a period of ten (10) years from date of registration:

Mark	Registration No.	Class	Registration Date	Expiration Date
2GO	4-2004-009621	39	16 October 2016	16 October 2026
2GO	4-2017-020352	39, 43	24 May 2018	24 May 2028
2GO	4-2018-004451	14, 16, 18, 20, 25, 29, 35	26 July 2018	26 July 2028
2GO	4-2019-002430	9, 14, 16, 18, 20, 24, 25, 26, 29, 35, 39, 41, 43	25 April 2019	25 April 2029
2GO	4-2019-002427	9, 14, 16, 18, 20, 24, 25, 26, 29, 35, 39, 41, 43	25 April 2019	25 April 2029
Super Ferry	4-2017-020356	39	05 April 2018	05 April 2028
Cebu Ferries	4-2017-020355	39	18 July 2019	18 July 2029
2GO Freight	4-2017-020354	39	05 April 2018	05 April 2028
2GO Rush	4-2017-020353	35, 39	24 May 2018	24 May 2028
2GO Travel	4-2017-020351	39	24 May 2018	24 May 2028
2GO Travel	4-2018-011795	41	04 October 2018	04 October 2028
2GO Express	4-2017-020349	39	12 July 2018	12 July 2028
2GO Logistics	4-2017-020448	39	05 April 2018	05 April 2028
2GO Gear	4-2018-004438	18, 21, 24, 25	08 May 2018	08 May 2028
2GO The Distance	4-2018-004436	25, 39, 43	08 May 2018	08 May 2028
2GO The Distance	4-2018-004435	25, 39, 42	08 May 2018	08 May 2028
2GO Express We Deliver What Matters When It Matters	4-2018-004446	39	28 October 2018	28 October 2028
2GO Express We Deliver What Matters When It Matters	4-2018-004439	39	28 February 2019	28 February 2029
2GO Group	4-2018-004434	25, 39, 43	28 February 2019	28 February 2029
Scanasia Overseas, Inc.	4-2018-004432	16, 25, 29, 35, 39	27 Jun 2019	27 June 2029
Scanasia Overseas, Inc.	4-2018-004449	16, 25, 29, 35, 39	02 August 2018	02 August 2028
2GO Special Container and Value Added Services, Inc.	4-2018-004431	16, 25, 29, 35, 39	26 July 2018	26 July 2028
2GO Special Containers	4-2018-004437	25, 39, 43	05 August 2018	05 August 2028
2GO Special Containers	4-2021-515087	16, 25, 29, 35	14 November 2021	14 November 2031
#Ready2GO	4-2018-007510	16, 35	14 March 2019	14 March 2029
#2GOTripOfYourLife	4-2018-007509	16, 35	14 March 2019	14 March 2029
Ship	4-2018-011792	41	07 October 2018	07 October 2028
Marex	4-2018-011791	41	28 October 2018	28 October 2028

2GOKada	4-2023-513687	35	10 August 2023	10 August 2033
Sailebration	4-2023-513683	35, 39, 43	02 September 2023	02 September 2033
Sama Sama Tayo Sa 2GO	4-2023-513682	25, 35	20 December 2023	20 December 2033
Sama Sama Tayo Sa 2GO	4-2023-513681	35	02 September 2023	02 September 2033

Franchises and Licenses

2GO's vessels are duly registered with the Maritime Industry Authority (MARINA) and subjected to regular survey and ISM audit to ascertain its adherence to vessel and manning safety standards. The Company is a holder of several Certificates of Public Convenience (CPC) and Special Permits (SP) issued by MARINA to service domestic ports of call.

2GO's trucks and other delivery vehicles have the requisite franchises and permits from the Land Transportation & Franchising Regulatory Board (LTFRB) and other relevant regulatory bodies.

Related Party Transactions

Related party transactions with both customers and suppliers are discussed in the Notes to the 2024 Consolidated Financial Statements.

Employees

2GO has a complement of 1,774 employees as of December 31, 2024. Out of the 1,774 employees, 1,013 are in Operations, 171 are in Sales, 166 are in Sales Support, and 424 are in Support Group.

The Company has a Labor Management Council (LMC) that is a member of the Philippine Association of Labor Management Council, wherein the labor and the management cooperate as partners in ensuring a climate of harmony and industrial peace in the workplace and in achieving sustainable economic growth for their mutual welfare and benefit.

The LMC representatives are social partners of 2GO sharing a common interest in the success and growth of the enterprise and the economy. They are active contributors to corporate social responsibility – initiatives, joint-problem solving and consultation in matters involving employee welfare.

2GO's LMC holds a regular yearly convention to bring all chairmen and representatives to a forum with the principals and officers of the Company. The convention seeks to promulgate resolutions most of which are economic demands from the Labor sector and management; address all other concerns and issues; amend the charter; and to hold elections for the officers of the national LMC.

The establishment of the LMC on September 23, 1986, has given rise to more benefits and privileges to the employees. This includes among others, medical allowances, group hospitalization plan, educational assistance for qualified dependents, mortuary assistance and privilege pass for employees and their immediate family members.

In response to the COVID-19 pandemic in 2020 and 2021, the benefits program for employees included enhanced safety awareness and protocols, provision of personal protective equipment, mental wellness programs, COVID- testing and planned vaccination.

Government Regulations

MARINA Memorandum Circular No. 79

The MARINA through its Memorandum Circular No. 79 requires all owners/operators of inter-island vessels engaged in Public Transport Service to secure a certificate of accreditation of domestic shipping enterprise / entities from the Authority before they can provide a water transport service.

The Circular is intended to foster standards for domestic shipping operations in order to protect public interest and to generate vital information that will enable MARINA to effectively supervise, regulate and rationalize the organizational movement, ownership and operation of all inter-island water transport utilities, and consequently, to prevent the proliferation of incompetent, inefficient, unreliable and fly-by-night operators.

The accreditation serves as a prerequisite to the granting of franchises for individual vessel operations. 2GO vessels have been issued Certificates of Public Convenience to operate in specified routes.

The Domestic Shipping Development Act of 2004 (Republic Act No. 9295)

The Domestic Shipping Development Act allows only domestic ship owners or operators to obtain franchises for carriage of cargo and/or passengers in domestic trade. On the other hand, it disallows foreign vessels to transport passengers or cargo between ports or place within the Philippine territorial waters except upon grant of a special permit by the MARINA upon certain conditions. This is in line with the law's objective to attain the State's policies of promoting Filipino ownership of vessels operated under the Philippine flag, attracting private capital to invest in the shipping industry by creating a healthy and competitive investment and operating environment, and ensuring the continued viability of domestic shipping operations, among others. The law also deregulated the domestic shipping industry by authorizing the domestic ship operators to establish their own domestic shipping rates.

In particular, RA 9295 prohibits and penalizes a domestic ship operator who, among others, shall operate without a valid certificate of public convenience; refuse to accept or carry any passenger or cargo without just cause; fail to maintain its vessels in safe and serviceable condition or violate safety rules and regulations; fail to obtain or maintain adequate insurance coverage; and/or fail to meet or maintain safe manning requirements.

Research and Development Activities

As a service company, 2GO continuously innovates its products and services to meet the changing needs of our customers. This is consistent with the Group's strategy to focus its efforts on developing and maintaining its existing value-added businesses where it believes much of its future will lie.

Major Risks Involved in the Business of 2GO and its Subsidiaries

With safety being the Group's priority, a safety management system was developed to tie in all these requirements and create a comprehensive system that is dynamic and auditable. The system, developed in 1999 with the assistance of the Det Norske Veritas (DNV), was patterned after the IMO's International Safety Management (ISM) Code. The Group's vessels and relevant shore-based offices are subjected to audits by the MARINA and are certified as compliant to the ISM Code.

Vessel officers and crew demonstrate commitment to safety through strict conduct of emergency drills and exercises, among several other activities. Various drills are conducted regularly in port and at sea. The drills include fire, collision, steering casualty, oil spill, man overboard, and abandon ship. The drills prepare them for the unlikely event of an emergency. Ship-shore drills are also performed to enhance the skills of shore-based crisis management committees in responding to emergency situations involving vessels.

Drydocking for each vessel in the fleet is conducted to ensure that the vessels' hull, machinery and critical equipment meet the requirements of the MARINA and classification societies in terms of seaworthiness. The vessels are classed with various classification societies.

In addition, the whole fleet is compliant to the National Security Programme for Sea Transport and Maritime Infrastructure (NSPSTMI), an International Ship and Port Security Code (ISPS) certification administered by the Office for Transport Security.

Item 2. Properties

2GO Group, Inc.

Vessels

As of December 31, 2024, 2GO and its subsidiaries own and operate a fleet of ten (10) operating vessels, consisting of nine (9) RoRo/Pax vessels and one (1) freighter. 2GO's operating vessel fleet has a combined Gross Registered Tonnage of approximately 159,295, total annual passenger capacity of approximately two million passengers and aggregate annual cargo capacity of approximately three hundred thousand twenty-foot equivalent units (TEUs).

Currently, 2GO operates seven (7) large RoRo/Pax vessels calling on Manila as their homeport. These vessels sail from Luzon to Visayas and Mindanao, including Palawan. Further, 2GO operates two (2) medium- sized vessels with Batangas as their homeport, plying on the Batangas-Odiongan-Caticlan and the Batangas-Caticlan-Roxas routes. 2GO also operates one (1) purely-cargo vessel, with Manila as its homeport, to complement its freight business.

Container Yard and Warehousing Facilities

The Company has one of the most extensive networks of container yards and warehousing facilities nationwide.

The Company's warehouse network consists of warehouses in Bacolod, Butuan, Cagayan de Oro, Cebu, Davao, Dumaguete, General Santos, Iligan, Iloilo, Ozamis, Palawan, Zamboanga and the Greater Manila Area. Warehouses are either owned or leased by the Company.

Most of the Company's container yards have been cemented, whether in whole or in part, to achieve greater efficiency in terminal operations, allow for shorter turnaround time in port, greater utilization in stacking of containers and lower repair and maintenance costs for the operating equipment used at the container yards.

Land and Buildings

2GO owns several pieces of land and a number of buildings and warehouses. These are used in the normal course of business.

Containers, Cargo Handling Equipment and Transportation Equipment

2GO owns and leases a variety of containers and other equipment of various types and sizes for use in its cargo operations including forklift, top loaders, yard tractors and trailers or chassis, and delivery vehicles of various sizes.

Liens and Encumbrances

Detailed discussion as regards the mortgage, liens and encumbrance over the properties of the Registrant are disclosed under the Notes of the 2024 Consolidated Financial Statements.

Item 3. Legal Proceedings

There are certain legal cases filed against 2GO Group, Inc. and its subsidiaries in the normal course of business. Management and its legal counsel believe that they have substantial legal and factual bases for their position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

On 6 November 2023, a special stockholders' meeting of 2GO was held to approve and ratify the following amendments approved by the Board of Directors:

1. Amendment of the Seventh Article of the Articles of Incorporation to:

   (a) reclassify 330 redeemable preferred shares into common shares; and

(b) increase the par value of 2GO's common shares from One Peso (P1.00) to One Thousand Pesos (P1,000.00)

which will result in a change in the breakdown of the authorized capital stock of the Corporation from Four Billion Seventy Four Million Nine Hundred and Eight Thousand (P4,074,908,000.00) Philippine Currency, divided into: (a) Four Billion Seventy Million Three Hundred Forty-Three Thousand Six Hundred Seventy (4,070,343,670) common shares with a par value of One Peso (P1.00) per share and (b) Four Million Five Hundred Sixty-Four Thousand and Three Hundred Thirty (4,564,330) redeemable preferred shares with a par value of One Peso (P1.00) per share, to Four Billion Seventy Four Million Nine Hundred and Eight Thousand (P4,074,908,000.00) Philippine Currency, divided into: (a) Four Million Seventy Thousand Three Hundred Forty-Four (4,070,344) common shares with a par value of One Thousand Pesos (P1,000.00) per share and (b) Four Million Five Hundred Sixty-Four Thousand (4,564,000) redeemable preferred shares with a par value of One Peso (P1.00) per share.

The amended Seventh Article of the Articles of Incorporation is proposed to read as follows:

Current	Proposed Amendment	Rationale
"SEVENTH: That the authorized capital stock of the Corporation is Four Billion Seventy Four Million Nine Hundred and Eight Thousand (P4,074,908,000.00) Philippine Currency, divided into: (a) Four Billion Seventy Million Three Hundred Forty-Three Thousand Six Hundred Seventy (4,070,343,670) common shares with a par value of One Peso (P1.00) per share and, (b) Four Million Five Hundred Sixty-Four Thousand and Three Hundred Thirty (4,564,330) redeemable preferred shares with a par value of One Peso (P1.00) per share. […]	*"SEVENTH: That the authorized capital stock of the Corporation is Four Billion Seventy Four Million Nine Hundred and Eight Thousand (P4,074,908,000.00) Philippine Currency, divided into: (a) **Four Million Seventy Thousand Three Hundred Forty-Four (4,070,344) common shares** with a par value of **One Thousand Pesos (P1,000)** per share and, b) **Four Million Five Hundred Sixty-Four Thousand (4,564,000)** redeemable preferred shares with a par value of One Peso (P1.00) per share. […]*	The Company is seeking approval of the increase in par value of its common shares as a natural consequence of the Company's delisting from the Philippine Stock Exchange in line with efforts to privatize 2GO. The Corporation likewise seeks approval of the reclassification of 330 redeemable preferred shares to remedy the change in the Company's authorized capital stock resulting from the increase in par value of common shares.

2. Amendment to reduce the number of directors of 2GO from nine to six, as follows:

Provision	Current Provision	Proposed Amendment	Rationale
Sixth Article of the Articles of Incorporation	SIXTH: That the number of directors of said corporation shall be nine (9) x x x	SIXTH: That the number of directors of said corporation shall be **six (6)** x x x	This is part of the transition of the Company to a private company, with a leaner membership in the board of directors.
Section 2, Article IV of the By-Laws	Section 2. NUMBER AND TERMS OF OFFICE. The business and property of the Corporation shall be managed by a Board of nine (9) Directors who shall be stockholders […]	Section 2. NUMBER AND TERMS OF OFFICE. The business and property of the Corporation shall be managed by **the Board of Directors** who shall be stockholders […]	

The foregoing amendments were approved by shareholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation were present or represented, the folowing resolutions were, by vote of the shareholders present/represented owning at least two-thirds (2/3) of the outstanding capital stock of the Corporation. The application for amendment is currently pending with the Securities and Exchange Commission.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matter

A. Market Information

There is no principal market where 2GO's shares are being traded.

B. Stockholders

The number of common shareholders of record as of December 31, 2024 is 5,366. The Top 20 common stockholders as of December 31, 2024 are as follows:

	Name	No. of Shares	Percentage
1	SM INVESTMENTS CORPORATION	1,654,861,652	66.177
2	PCD NOMINEE CORPORATION (FOREIGN)	781,169,866	31.239
3	WILLIAM GOTHONG & ABOITIZ INC	38,516,500	1.540
4	ABACUS SECURITIES CORPORATION	1,535,262	0.061
5	CONSTANTINE TANCHAN	1,262,500	0.050
6	SANTIAGO TANCHAN III	1,262,500	0.050
7	PHILIPS MULTIEMPLOYER RETIREMENT PLAN	631,250	0.025
8	RAMON RIVERO	600,000	0.024
9	DOLL AGRICULTURAL CORPORATION	519,999	0.021
10	PCD NOMINEE CORPORATION (FILIPINO)	464,678	0.019
11	AMA RURAL BANK OF MANDALUYONG, INC.	441,875	0.018
12	SUMMIT SECURITIES, INC.	440,963	0.018
13	ELIZABETH CHIU	378,750	0.015
14	JULIO & FLORENTINA LEDESMA FOUNDATION, INC.	338,500	0.014
15	RAMON R. RIVERO	320,000	0.013
16	LILIAN S. LIM	315,625	0.013
17	BDO SECURITIES CORPORATION FAO VARIOUS LOCAL INDIVIDUAL CLIENTS	286,556	0.011
18	DANIEL L. LACSON, JR.	269,708	0.011
19	BONIFACIO O. DOROY	222,960	0.009
20	CONCHITA LEDESMA	201,840	0.008

As of December 31, 2024, the total number of shares owned by the public is equivalent to 26,151,599 shares or equivalent to 1.06%.

C. Dividends Declaration

There were no dividends declared during the years 2012 to date.

Per Article VI, Section 3 of the By-laws, "dividends payable out of the surplus profits of 2GO shall be declared at such time and in such manner and in such amounts as the Board of Directors shall determine; Provided that, stock dividends shall be subject to the approval of the stockholders in a meeting called for the purpose."

PART III FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Financial information for the years ended December 31, 2024 and 2023 are as follows.

Results of Operations for the Years Ended December 31, 2024 and 2023

Amounts in millions		Dec 31, 2024		Dec 31, 2023	% Change
Revenue	₱	**17,921**	₱	**15,956**	**12%**
Costs of Services		15,531		13,221	(17%)
Gross Profit		**2,390**		**2,735**	**(13%)**
General and Administrative Expenses		1,220		1,241	2%
Operating Income		**1,169**		**1,494**	**(22%)**
Other Charges		258		243	(6%)
Provision for Income Tax		82		104	21%
Net Income (Loss) from Continuing Operations	₱	**830**	₱	**1,147**	**(28%)**
Net Income (Loss) from Discontinued Operations		(7)		(197)	97%
Net Income (Loss)	₱	**823**	₱	**950**	**(13%)**
Add back:					
Financing Charges (Interest)		554		496	(12%)
Provision for Income Tax		82		110	26%
Depreciation and Amortization		1,392		1,286	(8%)
EBITDA	₱	**2,851**	₱	**2,842**	**0%**

2GO Group, Inc. and subsidiaries (2GO or Group) delivered Net Income from Continuing Operations of ₱830M in 2024, 28% lower from the previous year. Revenue grew 12% year-over-year (YoY) while Operating Income decreased 22% due to 41% or ₱1.1B increase in fuel costs, 8% or ₱106M increase in depreciation expense and 12% or ₱59M increase in interest expense mainly on borrowings related to its acquisition of three ROPAX vessels and new equipment. In total 2GO delivered Net Income of ₱823M in 2024, a 13% decrease year-over-year.

Total revenue increased 12% to ₱17.9B from ₱16.0B YoY. Shipping revenue, comprised of sea freight and passenger travel, increased 12%. Passenger travel increased 13% or ₱313M, while Sea freight increased 12% or ₱784M. Logistics and other services revenue increased 13% or ₱868M. Shipping accounted for 57% and Non-shipping 43% of total revenue, same as last year.

Cost of services and goods sold increased 17%. General and administrative expenses increased 2%.

Other charges increased 6% to ₱258M in 2024 compared to ₱243M in 2023. Finance charges increased ₱70M or 15%, while equity in net income of associates and other income increased ₱55M or 23%.

2GO delivered EBITDA of ₱2.85B at 15.9% margin in 2024, flat from ₱2.84B at 17.8% margin in 2023.

Financial Position as of December 31, 2024 and December 31, 2023

Amounts in millions		As of Dec 31, 2024		Dec 31, 2023	% Change
Current Assets	₱	5,464	₱	5,462	0%
Noncurrent Assets		10,239		9,338	10%
Total Assets	**₱**	**15,703**	**₱**	**14,800**	**6%**
Current Liabilities	₱	8,155	₱	7,498	9%
Noncurrent Liabilities		4,802		5,405	(11%)
Total Liabilities	**₱**	**12,957**	**₱**	**12,903**	**0%**
Total Equity		2,746		1,897	45%
Total Liabilities and Equity	**₱**	**15,703**	**₱**	**14,800**	**6%**

Total Assets increased 6% from ₱14.8B to ₱15.7B, while Total Liabilities were flat at ₱12.9B

Assets
Current Assets flat at ₱5.5B. Cash and Cash Equivalents decreased 18% from ₱762M to ₱622M. Trade and Other Receivables, net of Allowance for Doubtful Accounts, increased 11% from ₱2.4B to ₱2.7B.

Noncurrent Assets increased 10% from ₱9.3B to ₱10.2B due to a net increase in Fixed Assets.

Liabilities
Current Liabilities increased 9% from ₱7.5B to ₱8.2B mainly from new loans for acquisition of vessels. Short-term Notes Payable increased 40% from ₱1.8B to ₱2.5B from new loans stated above.

Noncurrent Liabilities decreased 11% from ₱5.4B to ₱4.8B.

Equity
Total Equity increased 45% from ₱1.9B to ₱2.7B as 2GO delivered Net Income of ₱823M in 2024.

Key Variable and Other Qualitative and Quantitative Factors.

(i) Any known trends, events or uncertainties (material impact on liquidity)

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known trends, events, or uncertainties that are expected to have a material impact on the Company's liquidity

(ii) Events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no other known events that will trigger direct or contingent financial obligation that is material to 2GO, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons during the reporting period.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there is no material off-balance sheet transaction, arrangement, obligation, and other relationships of 2GO with unconsolidated entities or other persons incurred during the reporting period.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

Capital expenditures are part of the Company's normal course of business. These are funded through cash generated from operations or additional borrowings.

(v) Any known trends, events or Uncertainties (Material Impact on Sales)

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known trends, events, or uncertainties that are expected to affect the Group's sales.

(vi) Any Significant Elements of Income or Loss (from continuing operations)

All significant elements of income or loss from continuing operations are discussed in the management discussion and notes to the consolidated financial statements. Likewise, any significant elements of income or loss that did not arise from continuing operations are disclosed either in the management discussion or notes to the consolidated financial statements.

(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

All causes for Any Material Changes from Period to Period of the FS are discussed Part III – Results of Operations above and in the management discussion and notes to the consolidated financial statements.

(viii) Seasonal Aspects that has Material effect on the FS.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known seasonal aspects that are expected to affect the Group's continuing operations.

Key Performance Indicators

The following are the key financial ratios of the Group for the years ended December 31, 2024 and 2023 and as of December 31, 2024 and December 31, 2023.

	Dec 31, 2024	Dec 31, 2023
Revenue Growth	12.3%	9.7%
Net Income Margin	4.6%	6.0%
EBITDA (in Millions of Pesos)	₱ 2,851	₱ 2,842
EBITDA Margin	15.9%	17.8%
	As of	
	Dec 31, 2024	**Dec 31, 2023**
Current Ratio	0.7	0.7
Bank Debt to Total Equity Ratio	2.2	3.0
Total Liabilities to Total Equity	4.7	6.8

Net Income Margin declined to 4.6% in 2024 vs. 6.0% in 2023. EBITDA stood at 2.85B, unchanged with 15.9% margin in 2024 compared to 17.8% in 2023.

Current Ratio is 0.7 as of December 31, 2024 and December 31, 2023. Bank Debt to Total Equity improved to 2.2 as of December 31, 2024, from 3.0 as of December 31, 2023, while Total Liabilities to Total Equity decreased to 4.7 from 6.8.

The Group calculates the key financial ratios as follows:

Revenue Growth	(Total Revenue current period / Total Revenue prior period) – 1
Net Income Margin	Net Income / Total Revenue

EBITDA	Net Income + Interest + Income Tax + Depreciation & Amortization
EBITDA Margin	EBITDA / Total Revenue
Current Ratio	Current Assets / Current Liabilities
Bank Debt to Total Equity	Total Bank Debt / Total Equity
Total Liabilities to Total Equity	Total Liabilities / Total Equity

Company Outlook

2GO continues to serve its customers and stakeholders as the Philippines' largest end-to-end logistics solutions provider. The Group provides shipping and logistics services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group primarily operates roll-on/roll-off freight and passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express, mid-mile and last mile package and e-commerce delivery.

For 2024, 2GO continues its corporate governance initiatives, and aims to expand and further enhance its service offerings to its customers and stakeholders. 2GO plans to achieve this through more streamlined operations and collaboration within its business units, investment in vessels and equipment, warehousing and logistics information technology solutions for customers, and synergies and best practices. Management is confident that 2GO will further its growth and become an even stronger shipping and logistics solutions provider going forward.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this SEC Form 17-A.

The management is not aware of any significant or material events or transactions not included nor disclosed in the consolidated financial statements in compliance with SRC Rule 68.

Item 8. Information on Independent Accountant and Other Related Matters

SGV & Co. is being recommended for re-appointment as the Company's external auditor for 2025, for approval by the stockholders at the scheduled Annual Stockholders' Meeting. Representatives of SGV & Co. are expected to be present at the stockholders' meeting, where they are given the opportunity to make a statement should they desire to do so, and to respond to questions from stockholders.

SGV & Co. was appointed as the external auditor of 2GO starting calendar year 2017. SGV & Co. replaced the previous auditor, R.G. Manabat and Co.

To comply with the requirement of SRC Rule 68 (3)(b)(ix) on the seven (7) year Rotation of External Auditors Signing Partner, Mr. Albert R. Bon has been the Signing Partner of the financial audit since 2020. Prior to him, Ms. Josephine H. Estomo, Partner of SGV & Co., handled the financial audit from years 2017 to 2019.

Pursuant to the Charter of the Audit Committee, the Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. Prior to commencement of audit, the Committee is mandated to discuss with the external auditor the nature, scope and approach, of the audit including coordination of audit effort with internal audit. The Manual on Corporate Governance also provides that the Committee shall pre-approve all audit plans, scope and frequency one month before the conduct of external audit.

The Committee also evaluates the performance of the external auditor and recommends to the Board the appointment, re-appointment or removal of the external auditor. The Committee further reviews the independence of the external auditor and meets with the latter separately to discuss any matters that either party believes should be discussed privately.

The members of the Audit Committee are as follows:

Chairman:	Mr. Paquito N. Ochoa, Jr. (ID)
Members:	Mr. Kiat Chan Mr. Howard Conrad T. Sy

The Audit Committee and the Board of Directors endorse for stockholder approval the re-appointment of SGV & Co. appointed as the external auditor for the year 2025.

(1) External Audit Fees and Services

	Year ended December 31, 2024	**Year ended December 31, 2023**	**Year ended December 31, 2022**
Audit Fees	**5,330,000**	**5,650,000**	**5,500,000**
Audit-Related Fees	**-**	**-**	**-**
All Other Fees	**-**	**-**	**-**
TOTAL	**5,330,000**	**5,650,000**	**5,500,000**

Audit Fees

This represents professional fees paid to SGV & Co. for financial assurance services rendered for 2GO's Annual Financial Statements, review, and opinion for the SEC Annual Report as of December 31, 2024.

	2024	**2023**
Total Audit Fees *(Section 2.1a)*	**₱5,330,000**	**₱5,650,000**
Non-audit services fees:		
Other assurance services	**-**	**-**
Tax services	462,905	350,000
All other services	**-**	**-**
Total Non-audit Fees *(Section 2.1b)*	**462,905**	**350,000**
Total Audit and Non-audit Fees	**₱5,792,905**	**₱6,000,000**

Audit and Non-audit fees of other related entities (Section 2.1c)

	2024	**2023**
Audit fees	₱240,000	₱240,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of other related entities	**₱240,000**	**₱240,000**

All Other Fees

This represents fees for services paid to SGV & Co. for other consultancy services rendered.

Audit services provided to 2GO by external auditor SGV & Co. have been pre-approved by the Audit Committee and recommended to the Board of Directors for approval. The Audit Committee has reviewed the magnitude and nature of these services to ensure that they are compatible with maintaining the independence of the external auditor.

PART IV - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The names, ages, citizenship, position and offices held or will hold, and brief description of business experience during the past 5 years (except those years stated otherwise) and other directorships held in reporting companies, including name of each company, of all directors and executive officers (as of December 31, 2024) are as follows:

DIRECTORS

The following are the business experience/s of the members of the Board during the last five (5) years:

Mr. Frederic C. DyBuncio, 65, Filipino, is the President/Chief Executive Officer and a director of 2GO and SM Investments Corporation. He is the Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong, and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at the Asian Institute of Management.

Atty. Elmer B. Serrano, 57, Filipino, is a Director and Corporate Secretary of 2GO. Mr. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner and founder of the law firm SERRANO LAW.

Mr. Serrano has been awarded "Asia Best Lawyer" by the International Financial Law Review (IFLR) and "Leading Lawyer-Highly Regarded" by IFLR 1000. After consistently being ranked as a "Leading Individual", Mr. Serrano was also inducted to the Legal 500's "Hall of Fame" as among the lawyers who received constant praise from clients for continued excellence.

Mr. Serrano is also the Corporate Secretary of public companies, such as, SM Investments Corporation, Atlas Consolidated Mining and Development Corporation, Premium Leisure Corp., and DFNN Inc. He is also the Corporate Information Officer of BDO Unibank, Inc. and serves as the corporate secretary of the bank's subsidiaries and affiliates. Mr. Serrano also sits as a director of several public companies. He is the Chairman of Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.), an Independent Director of EEI Corporation, Philippine Telegraph and Telephone Corporation and Benguet Corporation.

Mr. Serrano is also counsel to financial industry institutions such as the Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies. Mr. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Mr. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

Atty. Paquito N. Ochoa, Jr., 64, Filipino, founded PNO Management and Legal Consulting in September 2016 after completing his term as a government official. He is currently the President of Manuel L. Quezon University (MLQU) from October 2020.

He is a founding member and partner (on leave) of Marcos Ochoa Serapio Tan Law Firm from 2006 to 2010 and a partner in De Mesa & Ochoa Law Offices from 1995 to 2001.

Atty. Ochoa served as Executive Secretary (Office of the President, Republic of the Philippines) from July 2010 to June 2016. During this period, he also chaired various national government committees among which were, the National Organizing Committee of the 2015 Asia-Pacific Economic Cooperation (APEC), and National Organizing Committee on the Visit of His Holiness Pope Francis in January 2015. He is the longest serving Executive Secretary to date and the only individual to serve the full term of a President.

He also served as City Administrator of the Quezon City Local Government from January 2003 to June 2010 during which period, he introduced prudent spending practices which together with improved revenue collection, allowed the City Government to balance its budget and achieve unprecedented increase in income.

During his stint as Executive Secretary, he was conferred by President Benigno S. Aquino III the Order of Sikatuna with the rank of Datu (Grand Cross, Gold Distinction) in December 2015. He was also conferred Doctor of Laws, Honoris Causa by the Palawan State University, Puerto Princesa City, Palawan.

After his career in public administration (from 2016 to present), Atty. Ochoa focused on leading a team that provides advisory services in two major areas: 1) financial advisory services which include conduct of customary financial due diligence; analysis of business operations, financial condition, and prospects; evaluation of debt capacity and capital structure alternatives; financial restructuring; pre acquisition and post-acquisition evaluation; negotiations leading to Transactions (BOT or JV); and 2) legal and regulatory compliance which include legal due diligence; preparation of contracts and other documents covering Transactions, including negotiations; and compliance with government rules and regulations.

He currently serves as an Independent Director for Belle Corporation.

Atty. Ochoa holds a Bachelor of Laws degree from the Ateneo De Manila University (class of 1985). He completed his Bachelor of Arts degree in Economics from the University of Santo Tomas in 1981.

Mr. Howard Conrad T. Sy, 36, Filipino, is a member of the Board of 2GO since 6 February 2024. He has been an Advisor to the Board of Directors of SM Investments Corporation since April 2024. At present, he also sits as Board of Director in Bank subsidiary, China Bank Capital Corporation (CBCC). He is the Founder and President of Storagemart Corporation, the largest self-storage company in the Philippines. Mr. Sy previously worked as Private Equity Associate and Private Equity Analyst at Macquarie Group's infrastructure and real assets division, handling asset and investment management. He graduated from the University of Melbourne with a Bachelor of Commerce degree.

Sing Mein Ang, 70, Singaporean, is a member of the Board of 2GO. He is a logistics and freight forwarding veteran with more than 35 years of experience in shipping, ocean freight forwarding, airfreight forwarding and logistics management in leading global logistics players.

From 2015 to 2017, Sam was the Group Chief Executive Officer of Quantium Solutions International as well as Famous Holdings, the freight forwarding business of Singapore Post. He was also in charge of SP Parcel (a Singapore based express company) and Couriers Please (an Australian based express company). These businesses combined generated more than $500 million in revenue with a staff strength of more than 2,000 across 14 countries in Southeast Asia, Oceania and Europe. Concurrently, Sam was also an Executive Vice President of Singapore Post Limited and was part of its key Senior Leadership team in its transformation journey to become a leading E-Commerce Logistics player.

From 2006 to 2015, Sam was the Chief Executive Officer of DHL Global Forwarding for Southeast Asia and was a member of the DHL Global Forwarding Asia Pacific Management Board. He was responsible for its operations across Southeast Asia, with annual revenue exceeding $1 billion and a staff strength of more than 2,500. He was also Head of the Oil and Gas sector of DHL Global Forwarding for Asia Pacific and Africa. Under his leadership, DHL Global Forwarding Singapore was awarded the Best Performance Country in Southeast Asia in 2004 and the Asia Pacific Country of the Year award in 2005.

Sam holds a Business Administration Degree from the National University of Singapore and is a graduate of INSEAD's Senior Management programme in Fontainebleau, France.

Kiat Chan, 53, Singaporean, is a member of the Board of 2GO Group, Inc.. He is also a Partner and Managing Director of Archipelago Capital Partners, a private equity fund manager investing in Southeast Asia. He had previously served as the Executive Vice President for Investments at Singapore Post Limited, where he led multiple transactions across Asia-Pacific that helped transform the company into a major E-Commerce Logistics player. Prior to that, he had been a consultant at McKinsey & Company, where he advised on strategy, M&A and corporate finance, working with clients across Asia-Pacific in diverse sectors including consumer, energy, transport and logistics. He graduated from the National University of Singapore with a Bachelor of Engineering (Mechanical) and holds a Master of Business Administration from INSEAD.

Below is the attendance of the Directors for the meetings held in the year 2024:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Frederic C. Dybuncio	5	7	71.43%
Elmer B. Serrano	6	7	85.71%
Paquito N. Ochoa Jr.	7	7	100.00%
Sing Mein Ang	7	7	100.00%
Kiat Chan	7	7	100.00%
Howard Conrad T. Sy	7	7	100.00%

In accordance with 2GO's By-Laws, nominations to the Board shall be submitted in writing to the Corporate Governance Committee, Board, or Corporate Secretary at least thirty (30) days before the Annual Stockholders' Meeting. This is to ensure that the Corporate Governance Committee has ample time to review and ensure that the candidates to the Board meet all the qualifications and none of the disqualifications to be a director. The Corporate Governance Committee shortlists the final candidates to the Board from the pool of candidates nominated by the shareholders. Based on the final list of candidates, directors are elected by shareholders individually.

The nomination and election process are disclosed in the Manual on Corporate Governance. Voting procedures and rights, and pertinent data on directors are included in the information statement released to shareholders before the start of the nomination period. The entire process of nomination, shortlisting, and subsequent election of directors, enables 2GO to properly identify the quality of directors that are aligned with the strategic direction of 2GO.

The Board conducts an annual assessment of its performance as a whole, its Board Committees, the individual directors, the Chairman of the Board, and the CEO/President. The evaluation is done through the Corporate Governance Committee. The evaluation criteria are based on the duties and responsibilities of the Board, the Board Committees, individual directors, Chairman and President as provided for by the 2GO's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.

Moreover, per the Corporate Governance Committee Charter, the Board's annual self-assessment should be supported by an external facilitator at least once every three (3) years.

EXECUTIVE OFFICERS

The following are the business experience/s of the officers during the last five years:

Mr. William Charles Howell has been the Chief Financial Officer and Treasurer of 2GO since July 2017 and Chief Operating Officer since November 2024. He also serves as Senior Vice President of Investments Portfolio at SM Investments Corporation. Previously, he served as CFO and Treasurer of Philippine Geothermal Production Company, Inc. Prior, Mr. Howell held roles in Corporate Development at JDS Uniphase Corporation (now Viavi Solutions Inc.), a technology company listed on the NASDAQ; and Transaction Advisory at Ernst & Young in the San Francisco Bay Area. He brings broad management experience and expertise in accounting, finance, tax, and mergers & acquisitions in various industries including software and technology, distribution, real estate, and energy, among others. He is a Certified Public Accountant in the states of California and Georgia.

Other Corporate Officers

Atty. Arthur A. Sy is the Assistant Corporate Secretary and Senior Vice President for Legal Department of SM Investments Corporation. He is likewise the Assistant Corporate Secretary of SM Prime Holdings, Inc., Belle Corporation, Premium Leisure Corp, and 2GO Group, Inc. Further, he is currently the Corporate Secretary of various major companies within the SM Group of Companies and is also the Corporate Secretary of National University. Admitted to practice in the Philippines and the State of New York, Atty. Sy holds a Juris Doctor degree from Ateneo de Manila University, School of Law.

Mr. Gener C. Lim is a Senior Vice President of 2GO and President and founder of Special Container and Value Added Services, Inc. (SCVASI), a subsidiary of 2GO. He has been in the company for 38 years with full integrated logistics experience and pioneered 2GO's predecessor, Aboitiz International Forwarders Inc. After graduating accelerated from Air Transport Engineering and passing the CAB Air Traffic Controller Examination, he went to all the cargo IATA courses offered by Philippine Airlines Academy Learning Center. He was also previously appointed as a committee member to author and develop processes in the Philippine Economic Zone Authority. Mr. Lim was also responsible for various JV partnership and international agency agreement as a chairman of International Agency Network Committee under the Aboitiz group. He also served as a Country Manager for Jardines, Baltrans and JV execution of Kerry Logistics. He was one of the first candidates and graduates of the Aboitiz MBA program. He was also appointed to chair the Intellectual Human Capital Committee of the international group which created logistics academy partnership. Mr. Lim also established Abotrans Corporation, the first brokerage business under ATSC. He was also appointed as Philippine Ambassador of ASEAN Isotank Association. In late 2019, he created Project Logistics for 2GO.

Ms. Frances Anne Alonzo is the President of 2GO Express, Inc. and 2GO Land Transport, Inc., both subsidiaries of 2GO. She has more than 25 years of experience in leading various sales, marketing and commercial organizations in various industries, with expertise in planning and strategy, account expansion and diversification, solutions set-up, and business and product development. She previously served as the Vice-President for Sales at Airfreight 2100, Inc. and as General Manager of One Stop Logistics, Inc. (Magsaysay Shipping and Logistics) and held leadership roles for sales, marketing and commercial operations at UBIX Corporation, The Manila Hotel and Sofitel Philippine Plaza. Ms. Alonzo earned her degree in Bachelor of Science in Psychology from St. Paul University in Manila and completed with high honors her Master's Degree in Business Administration – Top Executive Program from the Pamantasan ng Lungsod ng Maynila (University of the City of Manila).

Ms. Sharon May Ngo is Ms. Sharon May Ngo is Vice-President and Business Unit Head of 2GO's Sea Solutions. She has 25 years of experience in the domestic shipping industry, most recently as Sea Solutions Business Unit ahead, where she has overseen the growth in containerized volume and RORO segments. Her experience includes route optimization, pricing and product management, business development, channel development, account management, A/R and claims management, marketing, and other client-facing roles. Prior to 2GO, she held various category management roles at Coca-Cola Bottlers Philippines, Inc. and freight management roles at Aboitiz System Corp. Ms. Ngo earned her degree in Bachelor of Science in Industrial Engineering from the Mapua Institute of Technology in Manila.

Atty. Phil Ivan A. Chan, 43, is the Assistant Corporate Information Officer of 2GO Group, Inc. He is a co-founder of Serrano Law. He was previously a partner at Martinez Vergara Gonzalez & Serrano. He has been recognized by Legal 500 as a "Leading Partner" in Mergers and Acquisition for 2025. He was also cited as Client Choice – Philippines Honourable Mention Lawyer by Asialaw Awards 2024. He also acts as the Corporate Secretary of listed company, Ferronoux Holdings, Inc. Atty. Chan holds a degree of B.S. Legal Management from Ateneo de Manila University and a Juris Doctor degree from Ateneo Law School.

Significant Employees

The Corporation considers the contribution of every employee important to the fulfillment of its goals.

Family Relationships

There are no other family relationships within the fourth degree of consanguinity known to 2GO.

Involvement in Certain Legal Proceedings

To the knowledge and/or information of 2GO, none of its nominees for election as directors, the present members of its Board of Directors or its executive officers, is presently or during the last five (5) years been involved in any legal proceeding in any court or government agency on the Philippines or elsewhere which would put to question their ability and integrity to serve 2GO and its stockholders.

With respect to its nominees for election as directors, the present members of its Board of Directors and its executive officers, 2GO is not aware that during the past five (5) years up to even date of: (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment of such person in a criminal proceeding, excluding traffic violations and other minor offenses; (c) such person being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person's involvement in any type of business, securities, commodities or banking activities; and (d) such person being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

The following table summarizes certain information regarding compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Chief Executive Officer and each of the four other most highly compensated executive officers. For clarity, the compensation paid is for their duties as part of the management team and not in consideration of their duties as directors of 2GO:

SUMMARY OF COMPENSATION TABLE

Name and Position	Year	Salary	Bonus
1. Frederic C. DyBuncio. - President and Chief Executive Officer 2. Gener C. Lim – Senior Vice President of SCVASI 3. William Charles Howell – Treasurer and Chief Finance Officer 4. Sharon May M. Ngo – Vice President of Sea Solutions 5. Apollo G. Santos – Vice President of Ship Management & Technical Services	2025 Estimate	53,502,070	8,917,012
All other officers and directors as a group unnamed		75,354,687	12,559,115
1. Frederic C. DyBuncio. - President and Chief Executive Officer	2024	46,640,200	7,773,367
2. Gener C. Lim - Senior Vice President of SCVASI			
3. William Charles Howell - Treasurer and Chief Finance Officer			
4. Sharon May M. Ngo - Vice President of Sea Solutions			
5. Apollo G. Santos - Vice President of Ship Management & Technical Services			
All other officers and directors as a group unnamed		52,086,549	8,681,092
1. Frederic C. DyBuncio. - President and Chief Executive Officer	2023	50,540,651	8,423,442
2. William Charles Howell - Treasurer and Chief Finance Officer			
3. Gener C. Lim - Senior Vice President of SCVASI			
4. Anna Estela E. Vicencio - Vice President of Scanasia Overseas Inc.			
5. Dan Paulo L. Fernan - Chief Operating Officer - Shipping			
All other officers and directors as a group unnamed		61,321,303	10,220,217

Board Remuneration:

The members of the Board of Directors received the following remuneration in the year 2024:

Name	Total
Frederic C. DyBuncio	202,500
Elmer B. Serrano	162,000
Paquito N. Ochoa Jr.	189,000
Kiat Chan	210,000
Sam Ang	210,000

Howard Conrad T. Sy	-

2GO has no significant or special arrangements of any kind as regard to the compensation of all officers and directors other than the funded, noncontributory tax-qualified retirement plans covering all regular employees. Once an officer or director has resigned, they are no longer entitled to any compensation outside of the qualified retirement plans, if applicable.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from 2GO, the above-mentioned directors and officers do not receive any profit sharing nor any other compensation in the form of warrants, options, bonuses etc.

Likewise, there are no standard arrangements that compensate directors directly or indirectly, for any services provided to 2GO either as director or as committee member or both or for any other special assignments.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of five per centum (5%) or more of the outstanding capital stock of the Registrant as of December 31, 2024:

Title of Class	Name and Address of Record Owner and Relationship with 2GO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	**SM Investments Corporation (SMIC)** **10th Floor, One E-com Center, Harbor Drive, Mall of Asia Complex, CBP-1, Pasay City**	- Same -	Filipino	1,654,861,652	67.21%
Common	**Trident Investments Holdings Pte.** **138 Robinson Road** **#12-01, Oxley Tower** **Singapore 068906**	- Same -	Singaporean	781,122,265	31.73%

The persons authorized to vote the shares of SM Investments Corporation is Mr. Frederic C. DyBuncio, while the President of Trident Investments Pte. is authorized to vote the shares of said corporation.

Security Ownership of Management – Record and Beneficial Owners as of December 31, 2024:

Title of Class	Name of Beneficial Owner and Position	Citizenship	Amount and Nature of Ownership Direct (D) or Indirect (I)	Class of Securities Voting	Percent of Class
Common	**Frederic C. DyBuncio** Chairman / President / Chief Executive Officer	Filipino	100 (D)	Voting	0.00%
Common	**Elmer B. Serrano** Director	Filipino	100 (D)	Voting	0.00%
Common	**Kiat Chan** Director	Singaporean	100 (I)	Voting	0.00%
Common	**Sing Mein Ang** Director	Singaporean	100 (I)	Voting	0.00%

Common	**Paquito N. Ochoa, Jr.** Independent Director	Filipino	100 (I)	Voting	0.00%
Common	**Howard Conrad T. Sy** Director	Filipino	1 (D)	Voting	0.00%

Security Ownership of the Directors and Officers in 2GO: Common is 35,800 shares; Preferred – none.

Voting trust holders of 5% or More

No person holds more than five per centum (5%) of a class under a voting trust agreement or similar arrangement.

SMIC Acquisition of Shares in 2GO and Tender Offer

In a disclosure dated June 3 2021, SM Investments Corporation (SMIC) completed its acquisition from KGLI-NM Holdings, Inc. (KGLI-NM) of 550,558,388 common shares representing 22.36% of the 2GO Group, Inc. (2GO) via a special block sale through the facilities of the Philippine Stock Exchange (PSE), resulting in the increase of SMIC's current shareholding from around 30.53% to approximately 52.85% of 2GO. Following this transaction, 2GO is now a subsidiary of SMIC. The transaction was completed on the same date of the disclosure. The sale transaction was transacted via special block sale through the Philippine Stock Exchange and paid in cash.

On the same date, Trident Investments Holdings Pte. Ltd. (Trident) purchased 230,563,877 common shares in 2GO from KGLI-NM and 550,558,388 common shares from China-ASEAN Marine B.V., or a total of 781,122,265 common shares representing approximately 31.73% of 2GO. The sale transactions were transacted via special block sales through the Philippine Stock Exchange, Inc. The sale transaction was transacted via special block sale through the Philippine Stock Exchange and paid in cash.

Trident is an entity directly controlled and majority owned by Archipelago Asia Focus Fund II Pte Ltd, a company incorporated under the laws of the Republic of Singapore and is indirectly controlled by Archipelago Capital Partners Pte. Ltd. (Archipelago). Archipelago is a Singapore-based private equity firm that is licensed by the Monetary Authority of Singapore and invests across Southeast Asia.

SMIC Tender Offer and Delisting of 2GO

On February 28, 2023, the Board of Directors of SMIC approved its conduct of a tender offer for up to 378,817,279 common shares constituting 15.39% of the issued and outstanding common capital stock of 2GO, subject to an independent third party fairness opinion. On the same date, the 2GO Board approved the voluntary delisting of 2GO shares from the Main Board of PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission.

On 10 March 2023, 2GO received the Tender Offer Report from SMIC containing the following details of the tender offer:

a. Tender Offer Shares - up to 378,817,279 2GO common shares;
b. Tender Offer Price – Php14.64 per common share;
c. Tender Offer Period – March 15 to April 28, 2023; and
d. Payment and Settlement Date – May 10, 2023.

During the Tender Offer Period, a total of 352,690,680 common shares or approximately 14.32% of the total issued and outstanding common shares of 2GO were tendered and accepted by SMIC. The accepted Tender Offer Shares were crossed through the PSE on May 5, 2023 (Cross Date). The tendered shares were purchased by SMIC at the Tender Offer Price, or for a total consideration of Five Billion One Hundred Sixty-Three Million Three Hundred Ninety-One Thousand, Five Hundred Fifty-Five and 20/100 Pesos (Php5,163,391,555.20). The sale and purchase of the tendered shares were settled no later than May 10, 2023.

As a result, SMIC and Trident Investments Holdings Pte. Ltd. (**Trident**) now own over 95% of the outstanding common stock of 2GO. In particular, SMIC and Trident own a total of 2,435,983,917 common shares or 98.94% of the total outstanding common stock of 2GO, with SMIC owning 1,654,861,652 common shares or 67.21% of the total outstanding common stock of 2GO and Trident owning 781,122,265 common shares or 31.73% of the total outstanding common stock of 2GO.

Following the successful tender offer, The Philippine Stock Exchange, Inc. approved the Petition for Voluntary Delisting of 2GO, effective on 17 July 2023.

Item 12. Certain Relationships and Related Transactions

In the ordinary course of business, 2GO has transactions with subsidiaries, associates, and other related companies consisting of ship management services, charter hire, management services, courier services, purchases of steward supplies, availment of stevedoring, arrastre, trucking, rental and repair services. 2GO needs these services to complement its services to its freight and passage customers.

The identification of the related parties transacting business with 2GO and nature of the relationship are discussed in the Notes to the financial statements as of December 31, 2024 (see "Note 20. Related Parties"). 2GO will continue to engage the services of these related parties as long as it is economically beneficial to both parties. The related party transactions stated therein have no substantial effect on the financial statements and do not involve special risks or contingencies. Transaction prices and terms are determined by the parties on an arms-length basis and approved by the Related Party Transactions Committee while material related party transactions are approved by the Board of Directors in accordance with the Material RPT Policy.

The Corporation has no transaction during the last two years or proposed transaction to which it was or is to be a party in which any of its directors, officers, or nominees for election as directors or any member of the immediate family of any of the said persons had or is to have a direct or indirect material interest.

Moreover, 2GO and its subsidiaries do not have existing or proposed transactions with parties that are considered outside of the definition of "related parties" but have the influence of negotiating the terms of material transactions that may not be available to other, more clearly independent parties on an arm's length basis.

PART V – CORPORATE GOVERNANCE

Item 13. Corporate Governance

2GO Group Inc. and subsidiaries (2GO or the Company) is governed by the principles of fairness, accountability, and transparency, which is paramount to sustain its long-term growth and success. 2GO is committed in implementing the best practices in corporate governance that balance the growth and interests of all its stakeholders.

BOARD STRUCTURE

The 2GO Board of Directors is responsible for the long-term sustainability of the Company, and ensures that it balances the corporate objectives with the best interest of the shareholders and other stakeholders. It is composed of nine (9) highly respectable professionals, three (3) of whom are non-executive-independent directors. In line with corporate governance best practice, the Company's independent directors are free from management responsibilities, substantial shareholdings and material relations, all of which are perceived to impede independent judgment. Likewise, the roles of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to promote a balanced Board and increase accountability and controls.

The following individuals constituted the Board of Directors for 2024:

Chairman :	Frederic C. DyBuncio, President & Chief Executive Officer
Members :	Elmer B. Serrano, Corporate Secretary & Director
	Paquito N. Ochoa, Jr., Independent Director
	Sing Mein Ang, Director
	Kiat Chan, Director
	Howard Conrad T. Sy, Director

**Resignations accepted at the February 6, 2024 Board of Directors Meeting*

BOARD COMMITTEES

The Board governs through the following committees: (1) Executive Committee, (2) Corporate Governance Committee, (3) Audit Committee, (4) Risk Oversight Committee and, (5) Related Party Transaction Committee. Each committee has its own charter that can be found in the Company's website.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight functions related to the Company's overall approach to corporate governance. The Committee also takes the lead in promulgating and overseeing the principles of good corporate governance by reviewing committee charters, the independence of directors as well as the code of ethics for executives, employees, and directors.

The members of the Corporate Governance Committee as of April 1, 2025, are as follows:

Chairman:	Paquito N. Ochoa, Jr.
Members:	Kiat Chan
	Elmer B. Serrano

The Corporate Governance Committee passes upon the qualifications of, and pre-screens, all candidates and prepares the list of pre-qualified nominees for directorship of the Company, including independent directors for the year of 2024-2025.

There were no meetings of the corporate governance committee as of December 31, 2024.

AUDIT COMMITTEE

The Audit Committee assists and advises the Board in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Company's process for monitoring compliance with laws, regulations, and performs other duties as the Board may require.

During the year, the Audit Committee monitored the execution of internal audit plan, approved the succeeding period's internal audit plan and budget as well as provided inputs to audit results, recommendations and management action plans. It also reviewed the previous year audited financial report presented by the external auditor for approval by the Board.

The Audit Committee maintains an effective working relationship with the Board by providing them assistance in promoting good corporate governance and audit-related decisions. It also ensures its objectivity by having an independent director as committee chairman.

The members of the Audit Committee are as follows:

Chairman:	Mr. Paquito N. Ochoa, Jr. (ID)
Members:	Mr. Kiat Chan
	Mr. Howard Conrad T. Sy

Below is the attendance of the Committee members for the meetings held as of December 2024:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Paquito N. Ochoa Jr.	8	8	100%
Kiat Chan	8	8	100%
Howard Conrad T. Sy	8	8	100%

System of Internal Controls

The framework of control, risk management and governance processes is instilled within the 2GO group of companies. This aims to encourage incorruptibility and deter fraudulent activities within the ranks of boh the Management and employees. The current processes of 2GO are continuously being reviewed by Management, Audit and External Consultants to identify areas wherein controls may be strengthened. Some of these processes are either combined and/or reduced to provide the basic elements of control and good governance needed to sustain operations.

The culture of accountability is apparent with the adherence of employees to the Employee Code of Conduct, management policies and directives in order to efficiently and effectively achieve company objectives.

The internal control system is designed to effectively safeguard assets, protect confidentiality, availability and integrity of information and as far as possible the reliability, relevance and accuracy of records; effectiveness and efficiency of operations and programs; and to ensure compliance with regulatory requirements.

Among the various measures of internal control undertaken by Management include setting and updating policies that are designed to attain the Company's goals, sourcing and maintaining competent personnel, segregation of incompatible duties and safeguarding of all critical assets.

Continuous enhancement of performance metrics and speedy resolution of audit issues raised are likewise given focus to assure risks are addressed or mitigated and company objectives are met. Resolutions of internal audit observations are updated and discussed quarterly with Senior Management and the Audit Committee to ensure that they are timely attended to and resolved within their commitment.

2GO Management is responsible in maintaining the internal control system and ensuring that resources are properly applied in the manner and to the activities intended.

Internal Audit

In accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and Code of Ethics by the Institute of Internal Auditors (IIA), the Internal Audit Department (IAD) continually strives to improve the proficiency, effectiveness and quality of the internal audit activities.

The IAD, headed by Mr. Rodolfo G. Bravo, directly reports to the Audit Committee and is responsible for providing independent, objective assurance and consulting services designed to assist management in ensuring the adequacy and effectiveness of 2GO's governance, risk management and control processes in attaining its business objectives.

The IAD strives to improve on a yearly basis by attending regular audit trainings to keep abreast with the current audit standards, trends and developments. This also helps expand the IAD's audit scope and engagements.

The IAD regularly monitors the implementation of the audit recommendation against the target date set by the business unit heads. Results of these monitoring are communicated accordingly to the Senior Management and the Audit Committee. The IAD also uses a audit analytics tool/software to efficiently carry out its audit work.

The IAD continues to deliver value-added services by providing meaningful recommendations to its audit clients using a risk-based approach and methodology.

Executive Compensation Policy

The corporate compensation philosophy for executive remuneration in 2GO is meritocracy based. Commensurate compensation is given based on the annual performance evaluation of its executives. Any change in compensation is subject to full discussion and concurrence by the Board upon the review and recommendation of the Corporate Governance Committee.

Compensation of Directors

Unless otherwise waived by the Director, the members of the Board of Directors received the following remuneration in the year 2024:

Name	Total
Frederic C. DyBuncio	202,500
Elmer B. Serrano	162,000
Paquito N. Ochoa Jr.	189,000
Kiat Chan	210,000
Sam Ang	210,000
Howard Conrad T. Sy	0

Corporate Governance Policies

The 2GO Code of Business Conduct serves to guide employees' and Management's actions in line with the Company's corporate values and core principles. The Code consists of policies relating to ethical and legal standards of behavior and its applicability extends to all employees. 2GO believes that employees' adherence to desirable behaviors and conduct is a prerequisite to work excellence and indispensable to success. Reported violations of the Code are promptly investigated and treated with utmost confidentiality. Investigations of alleged Code violations and the imposition of disciplinary actions when so warranted are guided by the principles of neutrality, fairness and commensurability. There was no deviation from the application of the Code since it was adopted.

The Company also maintains a Manual on Corporate Governance which defines 2GO's compliance framework and identifies the roles and responsibilities of the Board in relation to corporate governance. The Manual sets out the duties and responsibilities of various board committees, Chairman of the Board and the Chief Executive Officer as well as the Company's policies on disclosures and transparency, and the rights and protection of shareholders. The Manual is reviewed and updated periodically and may be accessed via the Company's website.

Moreover, the Company had in place a Conflict of Interest Policy which requires all employees to immediately disclose any direct or indirect personal interest, whether pecuniary or non-pecuniary, that actually or may potentially conflict with the interest of the Company. All employees are likewise required to submit an annual disclosure of real or perceived conflict of interest. Other existing corporate governance-related policies include the Guidelines on Acceptance of Gifts and Entertainment, the Related Party Transaction Policy, and Policy on Accountability, Integrity and Vigilance otherwise known as the Company's Whistleblowing Policy. 2GO's various corporate governance-related policies and programs are regularly disseminated throughout the organization and are made public via the Company's website.

Information Technology Governance

2GO continues to invest in its information technology infrastructure and software applications and to focus on applications that provide real-time visibility and tracking to its customers as it aims to improve delivery performance and overall customer service. This will also help 2GO become more operationally efficient and reduce its costs to serve. These investments will provide resiliency and redundancy and ensure our mission-critical system during and after disaster functions.

2GO's IT governance includes periodic review of existing practices and policies and adaptation of IT to current business models, as well as measuring IT systems performance.

Corporate Governance Outlook

As businesses continue to open up to the global market and liberalization happens, the decision-making process becomes more diffused. This raises the level of accountability of corporate leaders to all 2GO stakeholders, including employees, customers and in particular, the shareholders. Good corporate governance, for this purpose, provides the appropriate reforms to existing practices to better adapt to the collective interests of all stakeholders. Rules must be crafted in accordance with the governance principles for which they are designed to maintain.

2GO, headed by the Board and the Management, aims to further strengthen its commitment to good corporate governance principles of accountability, transparency and integrity consistent with global best practices. 2GO strives to align, to the extent possible, the interests of individual stakeholders of the Company, and of the society in general, in the face of a more complex, open, and highly competitive global market.

FURTHER INFORMATION

The following documents are also available on https://www.2go.com.ph/corporate-governance-policies/

- 2GO Corporate Governance Policies
- 2GO Articles of Incorporation
- 2GO By-Laws
- 2GO Code of Business Conduct
- 2GO Anti-Money Laundering Statement of Policies & Procedure
- 2GO Guidelines on Acceptance of Gifts and Entertainment
- 2GO Alternative Dispute Resolution System
- 2GO Health, Safety & Employee Welfare Policy

PART VI – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits

The exhibits, as indicated in the Index to Exhibits, are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

The list of the reports submitted to the Commission is as follows:

Date of Disclosure	Subject
February 22, 2023	Approval of 2022 Audited Financial Statements
February 22, 2023	Setting of the 2023 Annual Shareholders' Meeting on 18 April 2023 and with Record Date on 19 March 2023 Approval of Merger of 2GO and its subsidiary, Special Container and Value Added Services, Inc., with 2GO as the surviving entity.
February 28, 2023	Approval of Board of Directors of SM Investments Corporation of conduct of tender offer for 2GO shares
March 1, 2023	Approval of Board of Directors to Voluntarily Delist 2GO shares from Main Board of PSE
March 6, 2023	Approval of Board of Directors of SM Investments Corporation of tender offer price and tender offer period
March 10, 2023	Tender Offer Report
April 18, 2023	Results of Annual Meeting of Stockholders
April 18, 2023	Notice of Voluntary Delisting
June 29, 2023	Approval to Voluntarily Delist
August 9, 2023	Results of Meeting of Board of Directors
September 20, 2023	Postponement of the distribution of the Written Assent Form to the Corporation's Stockholders
October 3, 2023	Results of Meeting of Board of Directors
November 6, 2023	Results of Special Shareholders' Meeting

February 8, 2024	Results of Meeting of Board of Directors
April 12, 2024	Setting of Annual Shareholders' Meeting
May 9, 2024	Postponement of the Annual Stockholders' Meeting scheduled on May 23, 2024 to a later date to be approved by the Board of Directors at a subsequent meeting
November 14, 2024	Results of Meeting of Board of Directors
February 18, 2025	Approval of the 2024 Audited Financial Statements

INDEX TO EXHIBITS, FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

2GO GROUP, INC.

CERTIFIED CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY SCHEDULES FOR THE SECURITIES AND EXCHANGE COMMISSION

TABLE OF CONTENTS

EXHIBIT I – CONSOLIDATED FINANCIAL STATEMENTS OF 2GO GROUP, INC. AND SUBSIDIARIES

EXHIBIT II – AUDITED FINANCIAL STATEMENTS OF 2GO GROUP, INC.

EXHIBIT III – SUBSIDIARIES OF THE REGISTRANT

The consolidated financial statements include the accounts of 2GO and the subsidiaries listed below:

		Percentage of Ownership	
	Nature of Business	**2024**	2023
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	**100.0**	100.0
2GO Express, Inc. (2GO Express)	Transportation/logistics	**100.0**	100.0
2GO Logistics, Inc. (2GO Logistics)	Transportation/logistics	**100.0**	100.0
Scanasia Overseas, Inc. (SOI) (1)	Sales of goods	**100.0**	100.0
2GO Land Transport, Inc.	Transportation	**100.0**	100.0
NN-ATS Logistics Management and Holdings Co., Inc. (2)	Holdings and logistics management	**100.0**	100.0
Astir Engineering Works, Inc. (2) (3)	Engineering services	**100.0**	100.0
WG&A Supercommerce, Incorporated (3)	Vessels' hotel management	**100.0**	100.0
North Harbor Tugs Corporation	Tugboat assistance	**58.9**	58.9
2GO Rush Delivery, Inc. (RUSH) (4)	Transportation/logistics	**100.0**	100.0

[1] *On August 9, 2023, the BOD approved the cessation of business operations of SOI*
[2] *In September 2020, the BOD approved the merger of these companies*
[3] *Ended commercial operations in 2018 or prior*
[4] *Wound down due to non-operation*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of TAGUIG CITY.

By:

[redacted]

FREDERIC C. DYBUNCIO
Chairman of the Board /
President and Chief Executive Officer

[redacted]

WILLIAM CHARLES HOWELL
Chief Finance Officer / Treasurer

[redacted]

ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2025 affiants are exhibiting to me their valid and competent proof of identity, as follows:

NAMES	**ID NUMBER**
Frederic C. Dybuncio	[redacted]
Elmer B. Serrano	[redacted]
William Charles Howell	[redacted]

[redacted]

PAUL B. BINAG
Appointment No. 151 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Attorney's Roll No. 90383
1105 Tower 2, High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6396476; 01.03.25; Taguig City
IBP Receipt No. 496513; 01.03.25; Quezon City
Admitted to the Bar on December 2023

Doc. No. 403
Page No. 82
Book No. 1
Series of 2025.

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: March 07, 2025 07:39:44 AM

Company Information

SEC Registration No.: 0000004409
Company Name: 2GO GROUP, INC. DOING BUSINESS U NDER THE NAMES & STYLES OF 2GO TRAVEL; 2GO FREIGHT; 2GO SUPPLY CHAIN; 2GO DISTRIBUTION; ATS;
Industry Classification: I61000
Company Type: Stock Corporation

Document Information

Document ID: OST10307202583095462
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **2GO Group Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the year ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2024, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

Frederic C. DyBuncio
Chairman of the Board
President and Chief Executive Officer

[redacted]

William Howell
Chief Financial Officer and Treasurer

Signed this 18th day of February 2025.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4409

C O M P A N Y   N A M E

2GO GROUP, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

8TH FLOOR, TOWER 1, DOUBLE DRAGON PLAZA, EDSA EXTENSION CORNER MACAPAGAL AVENUE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
corporatesecretary@2go.com.ph	(02) 8528-7171	0915 592 0331

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,366	4th Thursday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Elmer Serrano	calliope.ngo@serranolawlawph.com	(02) 8651-7408	N/A

CONTACT PERSON's ADDRESS

8th Floor, Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor, Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

Opinion

We have audited the consolidated financial statements of 2GO Group, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024 and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Philippine Securities and Exchange Commission (SEC) Form17-A for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 17-A and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2024 are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465275, January 2, 2025, Makati City

February 18, 2025

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

(Amounts in Thousands)

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*7*	**₱622,202**	₱762,035
Trade and other receivables	*8,20*	**2,708,755**	2,441,010
Inventories	*9*	**215,093**	190,470
Other current assets	*10*	**1,918,265**	2,068,926
Total Current Assets		**5,464,315**	5,462,441
Noncurrent Assets			
Property and equipment	*11,17,18*	**7,663,146**	7,064,899
Investments in associates and joint ventures	*12*	**416,453**	327,276
Goodwill	*13*	**686,896**	686,896
Deferred income tax assets	*27*	**146,198**	150,910
Other noncurrent assets	*14*	**1,326,458**	1,108,009
Total Noncurrent Assets		**10,239,151**	9,337,990
TOTAL ASSETS		**₱15,703,466**	₱14,800,431
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	*15*	**₱2,539,000**	₱1,816,000
Trade and other payables	*16,19,20*	**4,913,647**	4,904,947
Obligations under lease - current portion	*11,18*	**368,777**	415,000
Long-term debt - current portion	*11,17*	**333,970**	333,698
Income tax payable		**–**	28,715
Total Current Liabilities		**8,155,394**	7,498,360
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	*11,17*	**3,208,978**	3,542,947
Obligations under lease	*11,18*	**1,167,491**	1,422,382
Accrued retirement benefits	*26*	**425,621**	439,585
Total Noncurrent Liabilities		**4,802,090**	5,404,914
Total Liabilities		**₱12,957,484**	₱12,903,274

(Forward)

	Note	December 31 2024	2023
Equity			
Share capital	*21*	**₱2,500,663**	₱2,500,663
Additional paid-in capital	*21*	**2,498,621**	2,498,621
Other equity reserve	*21*	**712,245**	712,245
Other comprehensive losses - net	*12,26*	**(82,027)**	(108,031)
Deficit	*21*	**(2,908,230)**	(3,722,803)
Treasury shares	*21*	**(58,715)**	(58,715)
Equity Attributable to Equity Holders of the Parent Company		**2,662,557**	1,821,980
Non-controlling Interests		**83,425**	75,177
Total Equity		**2,745,982**	1,897,157
TOTAL LIABILITIES AND EQUITY		**₱15,703,466**	₱14,800,431

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(Amounts in Thousands, Except Earnings Per Common Share)

		Years Ended December 31		
	Note	**2024**	2023	2022
REVENUES FROM CONTRACTS WITH CUSTOMERS				
Shipping:	*5,20*			
Freight		**₱7,554,456**	₱6,770,492	₱6,717,194
Travel		**2,649,939**	2,336,846	1,386,989
Nonshipping:				
Logistics and other services		**7,716,644**	6,848,829	6,437,565
		17,921,039	15,956,167	14,541,748
COST OF SERVICES AND GOODS SOLD	*22*	**15,531,275**	13,221,156	12,858,826
GROSS PROFIT		**2,389,764**	2,735,011	1,682,922
GENERAL AND ADMINISTRATIVE EXPENSES	*23*	**1,220,353**	1,240,671	977,386
OPERATING INCOME FROM CONTINUING OPERATIONS		**1,169,411**	1,494,340	705,536
OTHER INCOME (CHARGES)				
Equity in net earnings of associates and joint ventures	*12*	**101,541**	153,328	58,566
Financing charges	*24*			
Bank loans		**(441,705)**	(380,660)	(379,924)
Lease liabilities		**(105,994)**	(96,890)	(96,757)
Others - net	*24*	**187,954**	81,245	60,964
		(258,204)	(242,977)	(357,151)
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**911,207**	1,251,363	348,385
PROVISION FOR INCOME TAX	*27*			
Current		**105,444**	137,314	72,440
Deferred		**(23,741)**	(33,272)	(18,085)
		81,703	104,042	54,355
NET INCOME FROM CONTINUING OPERATIONS		**829,504**	1,147,321	294,030
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	*32*	**(6,683)**	(197,114)	17,903
NET INCOME		**₱822,821**	₱950,207	₱311,933
Net Income Attributable to:				
Equity holders of the Parent Company		**₱814,573**	₱939,285	₱308,833
Non-controlling interests		**8,248**	10,922	3,100
		₱822,821	₱950,207	₱311,933
Basic/Diluted Income Per Share	*28*	**₱0.3308**	₱0.3815	₱0.1254
Basic/Diluted Income Per Share for continuing operations	*28*	**₱0.3336**	₱0.4615	₱0.1182

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2024**	2023	2022
NET INCOME		**₱822,821**	₱950,207	₱311,933
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains (losses) on net defined benefit liability	*26*	**51,157**	(66,419)	51,357
Income tax effect	*27*	**(12,789)**	16,605	(12,839)
		38,368	(49,814)	38,518
Share in remeasurement gain (loss) on retirement benefits of associates and joint ventures	*12*	**(12,364)**	2,164	5,195
		26,004	(47,650)	43,713
TOTAL COMPREHENSIVE INCOME		**₱848,825**	₱902,557	₱355,646
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		**₱840,577**	₱891,635	₱352,546
Non-controlling interests		**8,248**	10,922	3,100
		₱848,825	₱902,557	₱355,646

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
				Other Comprehensive Income (Losses)								
	Share Capital (Note 21)	**Additional Paid-in Capital** (Note 21)	**Other Equity Reserve** (Note 21)	**Share in Cumulative Translation Adjustment of an Associate**	**Remeasurement Losses on Accrued Retirement Benefits - Net of tax** (Note 26)	**Share in Remeasurement Gains on Accrued Retirement Benefits of Associates and Joint Ventures** (Note 12)	**Subtotal**	**Deficit** (Note 21)	**Treasury Shares** (Note 21)	**Total**	**Non-controlling Interests**	**Total Equity**
BALANCES AT JANUARY 1, 2022	**₱2,500,663**	**₱2,498,621**	**₱712,245**	**₱5,294**	**(₱113,523)**	**₱4,135**	**(₱104,094)**	**(₱4,970,921)**	**(₱58,715)**	**₱577,799**	**₱61,155**	**₱638,954**
Net income for the year	–	–	–	–	–	–	–	308,833	–	308,833	3,100	311,933
Other comprehensive income for the year	–	–	–	–	38,518	5,195	43,713	–	–	43,713	–	43,713
Total comprehensive income for the year	–	–	–	–	38,518	5,195	43,713	308,833	–	352,546	3,100	355,646
BALANCES AT DECEMBER 31, 2022	**2,500,663**	**2,498,621**	**712,245**	**5,294**	**(75,005)**	**9,330**	**(60,381)**	**(4,662,088)**	**(58,715)**	**930,345**	**64,255**	**994,600**
Net income for the year	–	–	–	–	–	–	–	939,285	–	939,285	10,922	950,207
Other comprehensive income (loss) for the year	–	–	–	–	(49,814)	2,164	(47,650)	–	–	(47,650)	–	(47,650)
Total comprehensive income for the year	–	–	–	–	(49,814)	2,164	(47,650)	939,285	–	891,635	10,922	902,557
BALANCES AT DECEMBER 31, 2023	**2,500,663**	**2,498,621**	**712,245**	**5,294**	**(124,819)**	**11,494**	**(108,031)**	**(3,722,803)**	**(58,715)**	**1,821,980**	**75,177**	**1,897,157**
Net income for the year	–	–	–	–	–	–	–	814,573	–	814,573	8,248	822,821
Other comprehensive income (loss) for the year	–	–	–	(5,294)	38,368	(7,070)	26,004	–	–	26,004	–	26,004
Total comprehensive income (loss) for the year	–	–	–	(5,294)	38,368	(7,070)	26,004	814,573	–	840,577	8,248	848,825
BALANCES AT DECEMBER 31, 2024	**₱2,500,663**	**₱2,498,621**	**₱712,245**	**₱–**	**(₱86,451)**	**₱4,424**	**(₱82,027)**	**(₱2,908,230)**	**(₱58,715)**	**₱2,662,557**	**₱83,425**	**₱2,745,982**

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax from continuing operations		**₱911,207**	₱1,251,363	₱348,385
Income before income tax from discontinued operations	*32*	**(6,683)**	(191,482)	21,943
Income before income tax		**904,524**	1,059,881	370,328
Adjustments for:				
Depreciation and amortization of property and equipment and software	*11,14, 22,23*	**1,392,213**	1,286,060	1,361,737
Financing charges	*24,32*	**554,386**	495,572	489,808
Interest income	*24,32*	**(2,771)**	(619)	(1,695)
Gain on disposal of:				
Property and equipment	*24*	**(63,928)**	(4,550)	(11,290)
Investment in an associate	*12,20,24*	–	–	(35,086)
Provision for impairment of other assets	*23*	**–**	–	8,647
Gain on lease pre-termination	*18*	**(1,335)**	(66,329)	–
Equity in net earnings of associates and joint ventures	*12*	**(101,541)**	(153,328)	(58,566)
Retirement benefit cost	*26*	**82,613**	95,398	87,939
Unrealized foreign exchange losses (gains)		**1,382**	2,033	(3,251)
Operating income before working capital changes		**2,765,543**	2,714,118	2,208,571
Decrease (increase) in:				
Trade and other receivables		**(294,919)**	991,375	(544,610)
Inventories		**(24,623)**	322,303	19,690
Other current assets		**182,001**	(62,399)	(13,145)
Other noncurrent assets		**10,565**	18,777	29,777
Increase (decrease) in trade and other payables		**(4,620)**	(169,996)	769,504
Net cash generated from operations		**2,633,947**	3,814,178	2,469,787
Contribution for retirement fund and benefits paid from book reserve	*26*	**(35,081)**	(67,132)	(63,286)
Interest received		**2,771**	619	1,695
Income taxes paid, including creditable withholding taxes		**(379,561)**	(302,219)	(245,384)
Net cash flows provided by operating activities		**2,222,076**	3,445,446	2,162,812
CASH FLOWS USED IN INVESTING ACTIVITIES				
Additions to:				
Property and equipment	*11*	**(2,049,523)**	(2,080,587)	(503,776)
Software	*14*	**(15,671)**	(16,849)	(38,170)
Proceeds from disposal of:				
Property and equipment	*11*	**296,705**	26,960	52,923
Investment in an associate	*12,20,24*	**30,000**	10,000	10,000
Dividends received		**–**	162,581	–
Receipts of (payments for) various deposits	*14*	**(22,881)**	(45,588)	914
Net cash flows used in investing activities		**(1,761,370)**	(1,943,483)	(478,109)

(Forward)

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES	*31*			
Proceeds from availments of:				
Short-term notes payable	*15*	**₱1,590,000**	₱1,204,000	₱2,380,000
Payments of:				
Short-term notes payable	*15*	**(867,000)**	(1,694,000)	(3,180,000)
Long-term debt	*17*	**(340,000)**	(100,000)	–
Obligations under lease	*18*	**(426,518)**	(387,075)	(348,512)
Interest and financing charges	*24*	**(552,813)**	(460,046)	(482,249)
Debt transaction costs	*17, 24*	–	(25,500)	–
Net cash flows used in financing activities		**(596,331)**	(1,462,621)	(1,630,761)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(4,208)**	(1,834)	570
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(139,833)**	37,508	54,512
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**762,035**	724,527	670,015
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**₱622,202**	₱762,035	₱724,527

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Earnings per Share, Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information and Approval of the Consolidated Financial Statements

Corporate Information

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. Its corporate life was renewed on May 12, 1995 and will expire on May 25, 2049. However, under the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila. 2GO's shares of stock are publicly traded on the Philippine Stock Exchange (PSE).

2GO and its subsidiaries (collectively referred to as the Group) provide shipping and logistics services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group operates interisland roll-on/roll-off freight and passenger vessels and interisland freighters. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express, mid-mile and last mile package and e-commerce delivery.

As of December 31, 2020, 2GO is 35.22%-owned by KGLI-NM Holdings, Inc., 30.49% owned by SM Investments Corporation (SMIC), 22.36%-owned by China-ASEAN Marine B.V. (CAMBV) and 11.93% owned by public shareholders.

On June 3, 2021, SMIC acquired 550,558,388 common shares representing 22.36% of 2GO from KGLI-NM. This resulted in an increase of SMIC's ownership in 2GO to 52.85%, thereby making 2GO a subsidiary of SMIC. On the same date, Trident Investments Holdings Pte. Ltd. (Trident) acquired 230,563,877 common shares of 2GO from KGLI-NM and 550,558,388 common shares from CAMBV, or a total of 781,122,265 common shares representing 31.73% of 2GO. Public shareholders own 15.42%.

On February 28, 2023, the Board of Directors of 2GO approved the voluntary delisting of 2GO shares from the PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission. In the Annual Stockholders' Meeting of 2GO held on April 18, 2023, stockholders owning 2,409,564,0081 shares or 97.86% of the outstanding capital stock of 2GO approved the voluntary delisting. The PSE approved the delisting effective July 17, 2023.

As of June 30, 2023, with the completion of the tender offer, 2GO's outstanding capital stock is owned by: SMIC (1,654,861,652 common shares or 67.21%); Trident (781,122,265 common shares or 31.73%); and public shareholders own 1.06%.

Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were approved and authorized for issue by the BOD on February 18, 2025.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine peso (Peso), which is the Group's functional and presentation currency. All values are presented to the nearest thousands, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group are prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

3. Material Accounting Policy Information

Accounting policies have been applied consistently to all years presented in the consolidated financial statements, except for the changes in accounting policies explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Group adopted the following amendments to standards starting January 1, 2024. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Leases*, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued But Not Yet Adopted
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
  - Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The material accounting policy information adopted in the preparation of the consolidated financial statements are summarized below.

Basis of Consolidation
The consolidated financial statements include the accounts of 2GO and the subsidiaries listed below:

	Nature of Business	**Percentage of Ownership** 2024 and 2023
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	100.0
2GO Express, Inc. (2GO Express)	Transportation/logistics	100.0
2GO Logistics, Inc. (2GO Logistics)	Transportation/logistics	100.0
Scanasia Overseas, Inc. (SOI) (1)	Sales of goods	100.0
2GO Land Transport, Inc.	Transportation	100.0
NN-ATS Logistics Management and Holdings Co., Inc. (2)	Holdings and logistics management	100.0
Astir Engineering Works, Inc. (2) (3)	Engineering services	100.0
WG&A Supercommerce, Incorporated (3)	Vessels' hotel management	100.0
North Harbor Tugs Corporation	Tugboat assistance	58.9
2GO Rush Delivery, Inc. (RUSH) (4)	Transportation/logistics	100.0

[1] *On August 9, 2023, the BOD approved the cessation of business operations of SOI*
[2] *In September 2020, the BOD approved the merger of these companies*
[3] *Ended commercial operations in 2018 or prior*
[4] *Wound down due to non-operation*

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of subsidiaries are consistent with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in Associates and Joint Ventures

The consolidated financial statements include the significant associates and joint ventures of the Group listed below.

	Nature of Business	Effective Percentage of Ownership **2024 and 2023**
Associates:		
MCC Transport Philippines (MCCP)	Container transportation	33.0
Joint Ventures:		
KLN Logistics Holdings Philippines Inc. (KLN)[1]	Holding company	78.4
Kerry Logistics Philippines, Inc. (KLI)[2]	International freight and cargo forwarding	62.5

[1]*KLN is 78.4%-owned by 2GO Express.*
[2]*KLI is 62.5%-owned by KLN.*

All entities are incorporated in the Philippines.

Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interest.

Financial Instruments

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). Trade receivables or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

Financial assets

At initial recognition, the Group classifies its financial assets as follows:

- FVTPL
- Fair value through other comprehensive income (FVTOCI)
- Financial assets measured at amortized cost

The Group has no financial assets classified as FVTPL and FVTOCI.

Financial liabilities
Financial liabilities of the Group are classified as measured at amortized cost

Subsequent measurement
Financial assets measured at amortized cost
After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

The Group's cash in banks and cash equivalents, trade and other receivables and refundable deposits (presented as part of "Other current assets" account and "Other noncurrent assets" account in the consolidated statement of financial position) are classified under this category.

Financial liabilities measured at amortized cost
After initial recognition, these financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses on other financial liabilities are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Group's notes payable, trade and other payables excluding unearned revenue, long-term debt and obligations under lease are classified under this category.

In 2024, comparative amounts of certain balance sheet accounts were reclassified to conform to the current year presentation. These classifications did not have any effect on the Company's 2023 assets, liabilities, equity, net income and total comprehensive income.

De-recognition of Financial Assets and Liabilities

Financial Assets. A financial asset is generally derecognized when the rights to receive cash flows from the asset have expired.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information (e.g., financial difficulty or insolvency) indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition, such as purchase price and transport costs, is primarily determined using the weighted average method. NRV of inventories for sale is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale, while NRV of inventories for usage is the estimated replacement cost. An allowance for inventory obsolescence is provided for based on the Group's historical inventory expiration experience and physical inspection.

Discontinued Operations
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in Note 32. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Property and Equipment
Property and equipment, except land, is stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

Drydocking costs, consisting mainly of main engine overhaul, replacement of steel plate of the vessels' hull and related expenditures, are capitalized as a separate component of "Vessels in operations". When significant drydocking costs are incurred prior to the end of the amortization period, the remaining unamortized balance of the previous drydocking cost is derecognized in profit or loss.

Vessels under refurbishment, if any, include the acquisition cost of the vessels, the cost of ongoing refurbishments and other direct costs. Construction-in-progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the refurbishment of vessels and construction of property and equipment are capitalized during the refurbishment and construction period. Vessels under refurbishment and construction in progress are not depreciated until such time the relevant assets are complete and available for use but tested for impairment losses. Refurbishment of existing vessels is capitalized as part of vessel improvements and depreciated at the time the vessels are put back into operation.

Minor spare parts and service equipment are typically carried as inventory and recognized in profit or loss as consumed. Major spare parts and stand-by equipment are carried as property and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property and equipment.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, namely:

	Note	In Years
Vessels in operations, excluding drydocking costs and vessel equipment and improvements	*4*	30 - 35*
Drydocking costs		2 - 2.5
Vessel equipment and improvements		3 - 5
Containers and reefer vans		5 - 10
Terminal and handling equipment		5 - 10
Furniture and other equipment		3 - 5
Land improvements		5 - 10
Buildings and warehouses		5 - 20
Transportation equipment		5 - 10
Spare parts and service equipment		3 - 5
Leasehold improvements		Shorter of 5 - 20 or lease term

**From the time the vessel was built.*

Goodwill

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and,
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment at least annually.

Allocation of Impairment Loss. An impairment loss is recognized for a CGU if the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units first to reduce the carrying amount of goodwill allocated to the CGU or group of units and then to the other assets of the unit or group of units pro rata on the basis of the carrying amount of each asset in the unit or group of units.

Impairment of Nonfinancial Assets

The carrying values of the Group's nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGUs are written-down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell or value in use (VIU). The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Equity
The equity of the Group consists of share capital, additional paid-in capital (APIC), treasury shares, other comprehensive income (loss) OCI and retained earnings (deficit).

Treasury shares are the Group's own equity instruments that are reacquired. Treasury shares are recognized at cost and deducted from equity.

OCI of the Group includes share in OCI of associates and remeasurement gains or losses on accrued retirement benefits.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when controls of goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services. The specific recognition criteria for each type of revenue are as follows:

Shipping Revenues are recognized when the related services are rendered over time based on the estimated period travelled. Shipping revenues include revenue from ancillary services such as wharfage, arrastre, stevedoring and other freight related services.

Logistics Revenues are recognized when the related services have been rendered. Service fees are also recognized when cargoes are received by either shipper or consignee for export and import transactions.

Sale of Goods are recognized at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods.

Contract Balances
Contract assets
If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section "Financial instruments - initial recognition and subsequent measurement".

Contract liabilities
If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are classified under "Trade and other payables" account in the consolidated statement of financial position. Contract liabilities are recognized as revenue when the Group performs under the contract.

Costs and Expenses
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits
Majority of the subsidiaries of the Group have separate funded, noncontributory retirement plans, administered by the respective trustees, covering their respective permanent employees.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and,
- Re-measurements of net defined benefit liability or asset.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Right-of-use assets are recognized at the commencement date of the lease. These assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows.

	In Years
Container Yard	10
Office	10
Warehouse	10
Equipment	3-10

Lease liabilities are recognized at the commencement date of the lease and is measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liability is carried at amortized cost. Lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the following recognition exemptions:

- short-term lease (leases with lease term of 12 months or less from the commencement date and do not contain a purchase option); or
- low-value assets.

Lease payments under short-term leases and low value assets are recognized as rent expense on a straight-line basis over the lease term.

Deferred Income Taxes
Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Value-added taxes (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

Creditable withholding taxes (CWTs)
CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rule on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve (12) months are classified as current assets.

Basic/Diluted Earnings (Loss) Per Common Share (EPS)
Basic EPS is computed by dividing the net income (loss) from continuing operations for the period attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding, after retroactive adjustment for any stock dividends and stock splits declared during the year.

For the purpose of computing diluted EPS, the net income (loss) from continuing operations for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all dilutive potential ordinary shares.

The basic/diluted EPS for the discontinued are disclosed in the notes to consolidated financial statements.

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the timing of satisfaction of performance obligation shipping and logistics and other services
The Group assessed that performance obligation for shipping and logistics and other services are rendered to the customers over time. As a result, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement. The measurement of progress used the estimated period travelled (measured in days) of the cargoes or goods delivered over the period of the date of cargo acceptance of the Group up to the date of delivery to the customers.

<u>Estimates and Assumptions</u>
The following are the key assumptions concerning the future and other key sources of estimation uncertainty, at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Provision for ECL of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 8.

Estimation of useful lives of property and equipment
The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use until it is derecognized. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. Specifically, in evaluating the useful lives of the vessels and related assets, management takes into account the intended life of the vessel fleet being operated, the estimate of the economic life from the date purchased or built, development in the domestic shipping regulations, the fleet deployment plans including the timing of fleet replacements, the changes in technology, as well as the repairs and maintenance program, among others.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expenses and decrease the carrying value of property and equipment. Refer to Note 11.

Assessment of impairment and estimation of recoverable amount of property and equipment
The Group assesses at the end of each reporting period whether there is any indication that the nonfinancial assets listed on the next page may be impaired. If such indication exists, the entity follows the accounting policy discussed in section 3, Material Accounting Policy Information (Impairment of Nonfinancial Assets).

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRS Accounting Standards.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are pertaining to the property and equipment of the Group amounting to ₱5.5 billion and ₱5.6 billion as of December 31, 2024 and 2023, respectively (see Note 11).

As at December 31, 2024 and 2023, management evaluated the recoverable amount of the property and equipment based on its value in use. No impairment loss was recognized on the Group's property and equipment as the recoverable amount of the assets is higher than their carrying values.

Impairment of goodwill
The Group performs impairment testing on goodwill at least on an annual basis or more frequently, if events or changes in circumstances indicate that these may be impaired.

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering seven-year and five-year projections for shipping and nonshipping business, respectively. The value-in-use calculation is based on a discounted cash flows (DCF) model. The cash flows are derived from the budget for the next five to seven years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the CGUs of the shipping and nonshipping businesses are disclosed in Note 13.

Estimation of retirement benefits costs and obligation
The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions were described in Note 26 and include, among others, discount rate and future salary increase. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other retirement obligations.

The discount is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Refer to Note 26.

Recognition of deferred income tax assets
The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. Consequently, only a portion of the Group's deferred income tax assets was recognized. Refer to Note 27.

Estimation of provisions for contingencies
The Group is involved in certain legal and administrative proceedings arising from the ordinary course of business. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. These estimates are based on consultations with independent outside parties, historical experience and other available data. The Group does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that significant differences in actual experience or assumption may materially affect the recorded provision. The inherent uncertainty over the outcome of these legal proceedings and other claims is brought about by the difference in the interpretation and implementation of the relevant laws and regulations. Refer to Note 19.

5. Revenue from Contracts with Customers

Disaggregated revenue information
The disaggregation of the Group's revenue from contracts with customers is presented in the consolidated statement of profit or loss and disclosed in the operating segment information. The Group's disaggregation of revenue from contracts with customers based on categories that depict the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance obligations and timing of revenue recognition
The Group's performance obligations are summarized below.

- Shipping and logistics and other services: performance obligations are generally satisfied over time once the delivery services are completed.
- Sale of goods: performance obligation is generally satisfied upon delivery of the goods to the customers which is the point in time where the control has been transferred to the customer.

6. **Operating Segment Information**

The Group has identified two reportable operating segments as follows:

- The shipping segment provides ocean-going transportation of passengers, rolling cargo, and freight cargo.
- The nonshipping segment provides logistics, supply chain management and other services.

The BOD monitors the operating results of its two operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

Segment revenue includes revenue from services between operating segments. Such revenue and related costs are fully eliminated in the consolidation. Revenues from one customer of nonshipping segment represent approximately 11% of the segment's total revenue. Further, there were no revenue transactions with a single customer that accounts for 10.0% or more of total revenues for the other segments.

The segment information below relates to continuing operations. The sale of goods under nonshipping segment is included in the discontinued operations in 2023 and is therefore not part of the segment information presented (see Note 32).

Revenues, expenses, results of operations, assets, liabilities and other information about the business segments are as follows:

	December 31, 2024			
	Shipping	**Non Shipping**	**Eliminations/ Adjustments**	**Consolidated Balance**
		(In Thousands)		
External customers	**₱10,204,395**	**₱7,716,644**	**₱–**	**₱17,921,039**
Intersegment revenue	**1,833,834**	**501,654**	**(2,335,488)**	**–**
Revenues from contracts with customers	**₱12,038,229**	**₱8,218,298**	**(₱2,335,488)**	**₱17,921,039**
Income before income tax from continuing operations	**₱627,815**	**283,392**	**–**	**911,207**
Provision for income tax	**(36,321)**	**(45,382)**	**–**	**(81,703)**
Segment income from continuing operations	**₱591,494**	**238,010**	**–**	**₱829,504**
Segment assets	**₱14,139,181**	**₱4,836,757**	**(₱3,272,472)**	**₱15,703,466**
Segment liabilities	**₱9,850,458**	**₱6,849,042**	**(₱3,742,016)**	**₱12,957,484**
Other Information:				
Capital expenditures	**₱1,968,476**	**₱239,940**	**₱–**	**₱2,208,416**
Depreciation and amortization	**1,083,566**	**308,647**	**–**	**1,392,213**
Provision for ECL - net	**16,243**	**18,386**	**–**	**34,629**
Equity in net eanings of associates and joint ventures	**114,762**	**(13,221)**	**–**	**101,541**

	December 31, 2023			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customers	₱9,107,338	₱6,848,829	₱–	₱15,956,167
Intersegment revenue	1,595,272	361,648	(1,956,920)	–
Revenues from contracts with customers	₱10,702,610	₱7,210,477	(₱1,956,920)	₱15,956,167
Income (Loss) before income tax from continuing operations	₱1,556,755	(305,392)	–	1,251,363
Benefit from (Provision for) income tax	8,062	(112,104)	–	(104,042)
Segment income (loss) from continuing operations	₱1,564,817	(417,496)	–	₱1,147,321
Segment assets	₱13,482,768	₱4,900,841	(₱3,583,178)	₱14,800,431
Segment liabilities	₱9,724,894	₱7,145,147	(₱3,966,767)	₱12,903,274
Other Information:				
Capital expenditures	₱2,845,594	₱150,731	₱–	₱2,996,325
Depreciation and amortization	912,278	370,861	–	1,283,139
Provision for ECL - net	5,981	43,947	–	49,928
Dividend income	162,581	–	(162,581)	–
Equity in net eanings of associates and joint ventures	144,352	8,976	–	153,328

	December 31, 2022, Adjusted			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customers	₱8,104,183	₱6,437,565	₱–	₱14,541,748
Intersegment revenue	1,412,316	344,557	(1,756,873)	–
Revenues from contracts with customers	₱9,516,499	₱6,782,122	(₱1,756,873)	₱14,541,748
Income (Loss) before income tax from continuing operations	₱523,010	(₱69,625)	(₱105,000)	₱348,385
Provision for income tax	(7,553)	(46,802)	–	(54,355)
Segment income (loss) from continuing operations	₱515,457	(₱116,427)	(₱105,000)	₱294,030
Segment assets	₱11,474,059	₱6,624,674	(₱3,706,839)	₱14,391,894
Segment liabilities	₱9,029,883	₱8,050,000	(₱3,682,589)	₱13,397,294
Other Information:				
Capital expenditures	₱1,078,818	₱955,774	₱–	₱2,034,592
Depreciation and amortization	945,015	415,543	–	1,360,558
Provision for ECL - net	10,913	32,046	–	42,959
Dividend income	105,000	–	(105,000)	–
Equity in net eanings of associates and joint ventures	50,175	8,391	–	58,566

Reconciliation of segment income and net income reported in the consolidated statements of profit or loss follows:

		Years Ended December 31		
	Note	**2024**	2023	2022
			(In Thousands)	
Segment income		**₱829,504**	₱1,147,321	₱294,030
Net income (loss) from discontinued operations	*32*	**(6,683)**	(197,114)	17,903
Net income		**₱822,821**	₱950,207	₱311,933

7. Cash and Cash Equivalents

This account consists of:

	Note	December 31 2024	2023
		(In Thousands)	
Cash on hand and in banks	*20*	**₱585,796**	₱747,368
Cash equivalents		**36,406**	14,667
		₱622,202	₱762,035

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are placements for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at prevailing market rates.

Interest income earned by the Group from cash in banks and cash equivalents amounted to ₱0.7 million in 2024, ₱0.5 million in 2023, and ₱0.4 million in 2022 (see Note 24).

8. Trade and Other Receivables

This account consists of:

	Note	December 31 2024	2023
		(In Thousands)	
Trade		**₱2,296,729**	₱2,242,076
Contract assets		**682,901**	452,114
Nontrade	*20*	**276,307**	260,173
Advances to officers and employees		**13,853**	22,086
		3,269,790	2,976,449
Allowance for ECL		**(561,035)**	(535,439)
		₱2,708,755	₱2,441,010

a. Trade receivables are noninterest-bearing and are generally on 30 to 60 days terms.

b. Contract assets relate to revenue earned from unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers. As such, the balance of this account vary and depend on the timing of issuance of billing invoice to customers. The outstanding balance of these accounts increased in 2024 due to the increase in issued billings within the year.

c. Nontrade receivables include advances to principals, passage bonds, receivable from trustee fund and insurance from other claims. These receivables are noninterest-bearing and collectible on demand. The balance as of December 31, 2023 includes the ₱30.0 million current portion of receivable for the sale of Mober (see Note 12), which was fully collected as of December 31, 2024.

d. The following tables set out the rollforward of the allowance for ECL as of December 31, 2024 and 2023 and 2022:

		December 31, 2024		
	Note	**Trade and Contract Assets**	**Nontrade**	**Total**
			(In Thousands)	
Beginning		**₱476,894**	**₱58,545**	**₱535,439**
Provision	*23*	**18,292**	**16,337**	**34,629**
Write-off/other adjustments		**(7,725)**	**(1,308)**	**(9,033)**
Ending		**₱487,461**	**₱73,574**	**₱561,035**

		December 31, 2023		
	Note	Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		₱528,143	₱34,790	₱562,933
Provision	*23*	22,718	27,210	49,928
Write-off		–	(2,010)	(2,010)
Reversal		(76,367)	(1,445)	(77,812)
Other adjustments		2,400	–	2,400
Ending		₱476,894	₱58,545	₱535,439

		December 31, 2022		
	Note	Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		₱525,287	₱29,617	₱554,904
Provision	*23*	29,078	13,881	42,959
Write-off/other adjustments		(26,222)	(8,708)	(34,930)
Ending		₱528,143	₱34,790	₱562,933

9. Inventories

This account consists of:

	December 31	
	2024	2023
At lower of cost and net realizable value:	*(In Thousands)*	
Trading goods	**₱27,056**	₱22,993
Materials, parts and supplies	**27,356**	21,017
At cost:		
Fuel, oil and lubricants	**160,681**	146,460
	₱215,093	₱190,470

The cost of trading goods carried at net realizable value amounted to ₱27.1 million and ₱26.4 million as of December 31, 2024 and 2023 while the cost of materials, parts and supplies carried at net realizable value amounted to ₱29.8 million and ₱23.4 million, respectively. The allowance for inventory obsolescence as of December 31, 2024 and 2023 amounted to ₱2.4 million and ₱5.8 million, respectively.

Costs of inventories were recognized and presented in the following accounts in the consolidated statements of profit or loss (see Notes 22 and 23):

	Note	**2024**	2023	2022
		Years Ended December 31		
			(In Thousands)	
Continuing operations:				
Cost of services	*22*	**₱4,517,459**	₱3,296,235	₱3,077,228
General and administrative expenses	*23*	**4,290**	4,485	4,331
Discontinued operations:	*32*			
Cost of goods sold		**–**	3,011,890	4,637,059
General and administrative expenses		–	–	241
		₱4,521,749	₱6,312,610	₱7,718,859

The cost of inventories used is presented as "Cost of services" and pertains mainly to fuel, oil and lubricants used in vessels' operations, food and beverages sold by the shipping segment, and materials and supplies used. The cost of inventories expensed and presented as "Cost of goods sold" pertains to the trading goods sold by the nonshipping segment. The cost of inventories presented as "General and administrative expenses" pertains to office supplies.

10. **Other Current Assets**

This account consists of:

	Note	**2024**	2023
		December 31	
		(In Thousands)	
CWTs - current portion	*14*	**₱1,563,541**	₱1,523,875
Refundable deposits - current portion	*14*	**104,121**	110,587
Deferred input VAT		**96,168**	130,615
Prepaid expenses and others		**89,229**	181,097
Input VAT		**59,983**	67,435
Advances to suppliers and contractors		**11,026**	56,866
		1,924,068	2,070,475
Allowance for impairment losses		**(5,803)**	(1,549)
		₱1,918,265	₱2,068,926

a. CWTs represent creditable tax certificates which can be applied against any related income tax liability of a company in the Group to which the CWTs relate.

b. Prepaid expenses and others include prepaid rent, insurance and taxes.

11. Property and Equipment

	December 31, 2024											
	Vessels in Operations	**Containers and Reefer Vans**	**Terminal and Handling Equipment**	**Furniture and Other Equipment**	**Land and Improvements**	**Buildings and Warehouses**	**Transportation Equipment**	**Spare Parts and Service Equipment**	**Leasehold Improvements**	**Construction-In-Progress**	**Right-of-Use Assets**	**Total**
							(In Thousands)					
Cost												
January 1, 2024	**₱10,336,219**	**₱1,603,709**	**₱1,043,865**	**₱522,845**	**₱478,287**	**₱369,630**	**₱390,276**	**₱2,388**	**₱638,614**	**₱1,184,671**	**₱2,598,061**	**₱19,168,565**
Additions	**1,357,287**	**188,745**	**243,646**	**34,887**	**17,549**	**4,350**	**175,670**	**888**	**35,013**	**–**	**150,381**	**2,208,416**
Disposals/retirements	**(2,436,007)**	**(22,163)**	**(38,572)**	**(59,016)**	**–**	**–**	**(51,338)**	**–**	**(40,398)**	**–**	**(41,690)**	**(2,689,184)**
Reclassification/Adjustment	**1,184,618**	**–**	**–**	**10,183**	**(727)**	**128**	**–**	**–**	**(9,584)**	**(1,184,618)**	**–**	**–**
December 31, 2024	**10,442,117**	**1,770,291**	**1,248,939**	**508,899**	**495,109**	**374,108**	**514,608**	**3,276**	**623,645**	**53**	**2,706,752**	**18,687,797**
Accumulated Depreciation and Amortization												
January 1, 2024	**7,374,706**	**1,436,367**	**750,564**	**454,221**	**160,860**	**307,680**	**369,784**	**2,198**	**481,079**	**–**	**766,207**	**12,103,666**
Depreciation and amortization	**684,476**	**56,040**	**75,933**	**31,945**	**3,836**	**6,755**	**23,280**	**887**	**40,682**	**–**	**431,773**	**1,355,607**
Disposals/retirements	**(2,236,264)**	**(21,901)**	**(37,380)**	**(55,336)**	**–**	**–**	**(51,338)**	**–**	**(12,498)**	**–**	**(19,905)**	**(2,434,622)**
Reclassification/Adjustment	**–**	**–**	**–**	**952**	**–**	**(14)**	**–**	**–**	**(938)**	**–**	**–**	**–**
December 31, 2024	**5,822,918**	**1,470,506**	**789,117**	**431,782**	**164,696**	**314,421**	**341,726**	**3,085**	**508,325**	**–**	**1,178,075**	**11,024,651**
Net carrying amounts	**₱4,619,199**	**₱299,785**	**₱459,822**	**₱77,117**	**₱330,413**	**₱59,687**	**₱172,882**	**₱191**	**₱115,320**	**₱53**	**₱1,528,677**	**₱7,663,146**

	December 31, 2023											
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture and Other Equipment	Land and Improvements	Buildings and Warehouses	Transportation Equipment	Spare Parts and Service Equipment	Leasehold Improvements	Construction-In-Progress	Right-of-Use Assets	Total
							(In Thousands)					
Cost												
January 1, 2023	₱9,689,894	₱1,625,034	₱1,022,803	₱496,168	₱494,647	₱365,743	₱429,728	₱2,393	₱727,563	₱4,473	₱2,511,414	₱17,369,860
Additions	751,020	335	51,316	34,548	1,322	5,267	10,304	–	22,858	1,180,198	939,157	2,996,325
Disposals/retirements	(104,695)	(21,660)	(30,254)	(7,871)	(17,682)	(1,380)	(49,756)	(5)	(111,807)	–	(854,128)	(1,199,238)
Adjustment	–	–	–	–	–	–	–	–	–	–	1,618	1,618
December 31, 2023	10,336,219	1,603,709	1,043,865	522,845	478,287	369,630	390,276	2,388	638,614	1,184,671	2,598,061	19,168,565
Accumulated Depreciation and Amortization												
January 1, 2023	6,860,698	1,409,892	725,427	416,135	157,580	301,102	408,710	1,715	542,696	–	897,347	11,721,302
Depreciation and amortization	618,703	48,135	55,340	45,589	2,545	6,979	10,828	488	59,842	–	382,718	1,231,167
Disposals/retirements	(104,695)	(21,660)	(30,203)	(7,503)	–	(401)	(49,754)	(5)	(108,478)	–	(513,858)	(836,557)
Adjustment	–	–	–	–	735	–	–	–	(12,981)	–	–	(12,246)
December 31, 2023	7,374,706	1,436,367	750,564	454,221	160,860	307,680	369,784	2,198	481,079	–	766,207	12,103,666
Net carrying amounts	₱2,961,513	₱167,342	₱293,301	₱68,624	₱317,427	₱61,950	₱20,492	₱190	₱157,535	₱1,184,671	₱1,831,854	₱7,064,899

Property and equipment under lease
Containers, reefer vans, isotanks, cargo handling equipment, and office and operational spaces as of December 31, 2024 and 2023 include units acquired under lease arrangements (see Note 18).

Set out below are the carrying amount of right-of-use assets as of December 31, 2024 and 2023.

December 31, 2024

	Container Yard	Office	Warehouse	Equipment	Total
		(In Thousands)			
Cost					
January 1, 2024	**₱800,977**	**₱352,745**	**₱1,146,401**	**₱297,938**	**₱2,598,061**
Additions	**–**	**–**	**5,461**	**144,920**	**150,381**
Disposal	**–**	**–**	**(20,803)**	**(20,887)**	**(41,690)**
December 31, 2024	**800,977**	**352,745**	**1,131,059**	**421,971**	**2,706,752**
Accumulated Depreciation					
January 1, 2024	**118,110**	**183,375**	**347,848**	**116,874**	**766,207**
Depreciation	**98,890**	**43,880**	**249,079**	**39,924**	**431,773**
Disposal	**–**	**–**	**(13,291)**	**(6,614)**	**(19,905)**
December 31, 2024	**217,000**	**227,255**	**583,636**	**150,184**	**1,178,075**
Net Carrying Amount	**₱583,977**	**₱125,490**	**₱547,423**	**₱271,787**	**₱1,528,677**

December 31, 2023

	Container Yard	Office	Warehouse	Equipment	Total
		(In Thousands)			
Cost					
January 1, 2023	₱562,987	₱352,745	₱1,253,978	₱341,704	₱2,511,414
Additions	239,009	–	671,239	28,909	939,157
Disposal	(3,270)	–	(776,565)	(74,293)	(854,128)
Reclassification	2,251	–	(2,251)	1,618	1,618
December 31, 2023	800,977	352,745	1,146,401	297,938	2,598,061
Accumulated Depreciation					
January 1, 2023	56,969	139,420	542,577	158,381	897,347
Depreciation	67,022	43,880	239,030	32,786	382,718
Disposal	(3,270)	–	(436,295)	(74,293)	(513,858)
Reclassification	(2,611)	75	2,536	–	–
December 31, 2023	118,110	183,375	347,848	116,874	766,207
Net Carrying Amount	₱682,867	₱169,370	₱798,553	₱181,064	₱1,831,854

In 2024 and 2023, the Group pre-terminated certain leased warehouses which resulted to gain amounting to ₱1.3 million and ₱66.3 million, respectively, and is presented as part of “Others - net” account under “Other Income (Charges)” in the consolidated statements profit or loss (see Notes 18 and 24).

Residual value of vessels
The Group reviews the residual value of the vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. The residual value for vessels is reassessed by management based on the vessels’ lightweight, the market price of scrap metals and the history of vessel disposal.

Capitalization of drydocking costs
Vessels in operations also include capitalized drydocking costs amounting to ₱100.7 million in 2024, ₱340.8 million in 2023 and ₱294.7 million in 2022. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

Acquisition of property and equipment
In December 2023, the Group acquired two vessels with an acquisition cost totaling to ₱1,184.6 million, which are still in construction in progress as of December 31, 2023. These two vessels were put in commercial operation in 2024 with total cost of ₱1,529.6 million, including the refurbishment costs. In 2024, the Group acquired another vessel for total cost of ₱807.8 million.

Unpaid acquisition costs of property and equipment amounted to ₱183.5 million and ₱175.0 million as of December 31, 2024 and 2023, respectively.

Sale and disposal of property and equipment
The Group disposed certain property and equipment for consideration of ₱301.8 million in 2024, ₱26.8 million in 2023 and ₱52.9 million in 2022.

In 2024, the proceeds from the disposal of property and equipment pertain mainly to the sale of two vessels amounting to ₱271.1 million.

Depreciation and amortization
Depreciation and amortization were recognized and presented in the following accounts in the consolidated statements of profit or loss:

		Years Ended December 31		
	Note	**2024**	2023	2022
			(In Thousands)	
Continuing operations:				
Cost of services and goods sold	*22*	**₱1,309,120**	₱1,180,109	₱1,279,731
General and administrative expense	*23*	**46,487**	48,137	46,061
Discontinued operations	*32*	–	2,921	1,179
		₱1,355,607	₱1,231,167	₱1,326,971

Property and equipment held as collateral
Property and equipment, including right-of-use assets, as at December 31, 2024 and 2023 amounted to ₱2,333.3 million and ₱2,538.3 million, respectively (see Note 18). These property and equipment include the carrying value of one vessel amounting to ₱804.6 million and ₱706.4 million as at December 31, 2024 and 2023, respectively, which is use to secure the ₱500.0 million term loan facility agreement with BDO (see Note 17).

12. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures are as follows:

		Years ended December 31		
	Note	**2024**	2023	2022
			(In Thousands)	
Acquisition - cost:				
Balances at beginning of year*		**₱29,634**	₱29,634	₱79,634
Disposal		–	–	(50,000)
Balances at end of year		**29,634**	29,634	29,634
Accumulated equity in net earnings:				
Balances at beginning of year		**286,148**	295,401	201,749
Accumulated equity in net loss of disposed associate		–	–	35,086
Dividend received		–	(162,581)	–
Equity in net earnings during the year		**101,541**	153,328	58,566
Balances at end of year		**387,689**	286,148	295,401

(Forward)

	Note	2024	2023	2022
		Years ended December 31		
		(In Thousands)		
Share in remeasurement gain on retirement benefits of associates and joint ventures:				
Balances at beginning of year		**₱11,494**	₱9,330	₱4,135
Share in remeasurement gain (loss) during the year		**(12,364)**	2,164	5,195
Balances at end of year		**(870)**	11,494	9,330
		₱416,453	₱327,276	₱334,365

**Includes share in cumulative translation adjustment when an associate changed its functional currency amounting to ₱5.3 million.*

In August 2022, the Group sold 100% of its shares in Mober for ₱50.0 million, which is payable on installment basis. As of December 31, 2023, the amount collected was ₱20.0 million and the balance of ₱30.0 million plus 8% interest per annum was paid in 2024, and are presented as part of "Trade and other receivables" in the consolidated statements of financial position.

Summarized financial information of the Group's associates and joint ventures and reconciliation with the carrying amount of the investments in the consolidated financial statements are set as follows:

Statements of financial position:

	Associates			
	MCCP		KLPI	
	2024	2023	**2024**	2023
	(In Thousands)			
As at December 31				
Current assets	**₱1,316,393**	₱1,281,068	**₱528,721**	₱572,234
Noncurrent assets	**1,056,924**	266,412	**207,137**	198,667
Current liabilities	**730,884**	776,044	**330,425**	347,078
Noncurrent liabilities	**515,621**	32,803	**169,185**	171,830
Equity	**1,126,812**	738,633	**236,248**	251,993

Statements of comprehensive income:

	Associates					
	MCCP			KLPI		
	2024	2023	2022	**2024**	2023	2022
	(In Thousands)					
For the years ended December 31:						
Revenue from contracts with customers	**₱2,788,497**	₱2,619,578	₱2,373,105	**₱773,934**	₱698,215	₱1,119,984
Net income (loss)	**261,800**	554,961	346,619	**20,071**	14,986	82,481
Total comprehensive income (loss)	**261,800**	551,647	346,619	**20,071**	14,986	82,481

Below is the reconciliation of the total equity of the associates and joint ventures and the investment in associates and joint ventures.

	Years ended December 31		
	2024	2023	2022
	(In Thousands)		
Equity	**₱1,371,496**	₱990,626	₱984,655
Effective percentage of ownership	**33% to 78%**	33% to 78%	33% to 78%
Share in equity	**₱416,453**	₱327,276	₱334,365

**The Group effectively owns 33% of MCCP, 49% of KLI, and 78% of KLN and 50% of Mober. The Group sold its share in Mober in August 2022.*

13. **Goodwill**

Impairment Testing of Goodwill
As a result of a business combination in 2010, the Group carries goodwill totaling ₱686.9 million allocated to the shipping and non-shipping business amounting to ₱580.6 million and ₱106.3 million, respectively. The recoverable amounts of the CGUs were determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management and BOD covering five-year period for shipping and non-shipping.

Key Assumptions Used in VIU Calculations for the Shipping Business
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted Earnings before Interest, Tax, Depreciation and Allowance (EBITDA)
Budgeted EBITDA has been based on past experience adjusted for the following:

- *Passage and cargo revenue*. Management projected travel and freight revenue in line with historical volumes and rates, adjusted for the number of round trips per year.
- *Rates, exclusive of VAT.* Management expects an increase in passage and freight rates by 3% in 2024 and in subsequent years based on the history of rate increases.
- *Fuel prices*. Management expects fuel prices to increase in line with inflation. Management expects to recover from the Group's customers any change in fuel prices that are beyond budget through implementation of surcharge. Management believes the fuel surcharge would not cause any material change in the forecasted passenger and cargo volume.
- *Fixed operating costs and expenses*. Based on the cost savings analysis made by management, terminal operation's fixed costs are expected to increase in line with inflation, partially mitigated by ongoing optimization of sites and assets in various locations in the Philippines.
- *Terminal and overhead expenses*. Management expects that costs and expenses, in general, will increase in line with inflation.

Discount rate
The discount rate applied to cash flow projections was 10.7% in 2024 and 2023.

Budgeted capital expenditure
Budgeted capital expenditure is based on maintenance requirements of the shipping business' fleet and land-based assets.

Terminal growth rate
Cash flows beyond the seven-year period are extrapolated using a growth rate of 3%.

Sensitivity to changes in assumptions
Other than as disclosed above, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value of goodwill to exceed its recoverable amount.

Key Assumptions Used in VIU Calculations for the CGUs of the Nonshipping Business
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted Earnings before Interest, Tax, Depreciation and Allowance (EBITDA)
Budgeted EBITDA has been based on past experience adjusted for the following:

- *Nonshipping revenue.* Management projected nonshipping revenue in line with historical volume and rates.

- *Rates exclusive of VAT.* Management expects an increase in nonshipping revenue rates by 3% in 2024 and in subsequent years based on the history of rate increases.
- *Cost of services.* Management expects that the cost of services will increase in line with revenue growth, and that general and administrative expenses and other operating expenses will increase due to inflation and the increasing scale of the nonshipping business.

Discount rate
The discount rate applied to cash flow projections was 10.7% in 2024 and 13.0% in 2023.

Budgeted capital expenditure
Budgeted capital expenditure is based on the process improvement of non-shipping business' information technology (IT) infrastructure.

Terminal growth rate
Cash flows beyond the five-year period are extrapolated using a growth rate of 3%.

Sensitivity to changes in assumptions
Other than as disclosed above, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value of goodwill to exceed its recoverable amount.

14. **Other Noncurrent Assets**

		December 31	
	Note	**2024**	2023
		(In Thousands)	
CWTs - net of current portion	*10*	**₱1,095,812**	₱874,413
Software		**58,564**	80,297
Refundable deposits - net of current portion	*10*	**136,331**	106,984
Deferred input VAT		**5,344**	13,530
Advances to suppliers and contractors		**33,532**	32,885
		1,329,583	1,108,109
Allowance for impairment		**(3,125)**	(100)
		₱1,326,458	₱1,108,009

a. The software is amortized on a straight-line basis over its estimated useful life of three to five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The movements in software are as follows:

		December 31		
	Note	**2024**	2023	2022
			(In Thousands)	
Cost				
Balances at beginning of year		**₱378,032**	₱364,757	₱348,549
Additions		**15,671**	16,849	38,170
Disposals/Retirement		**(12,215)**	(3,483)	(21,962)
Reclassification/adjustment		**–**	(91)	–
Balances at end of year		**381,488**	378,032	364,757
Accumulated Amortization				
Balances at beginning of year		**297,735**	246,140	211,374
Amortization	*23*	**36,606**	54,893	34,766
Disposals/Retirement		**(11,417)**	(3,298)	–
Balances at end of year		**322,924**	297,735	246,140
Carrying Amount		**₱58,564**	₱80,297	₱118,617

Amortization was recognized and presented in the consolidated statements of profit or loss under "General and administrative expenses".

b. Refundable deposits consist of amounts paid for rental deposits which can be applied as rental payment at the end of the lease term or can be collected in cash upon termination of the lease. In 2024, 2023 and 2022, allowance for impairment amounting to ₱3.0 million, ₱15.6 million and ₱8.6 million, respectively was recognized and is presented as part of "Others" under "General and Administrative Expenses"

c. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels incurred prior to January 1, 2022.

15. Short-term Notes Payable

Notes payable represent unsecured short-term peso-denominated notes payable obtained by the Group from local banks with annual interest rates ranging from 5.85% to 6.30% in 2024, from 5.85% to 7.50% in 2023, from 3.75% to 4.5% in 2022. The notes payable were rolled over during the year.

Total interest expense incurred by the Group from short-term notes payable was ₱160.6 million in 2024, ₱99.2 million in 2023 and ₱119.4 million in 2022 (see Note 24).

16. Trade and Other Payables

		December 31	
	Note	**2024**	2023
		(In Thousands)	
Trade	*20*	**₱1,109,689**	₱900,219
Accruals:			
Expenses	*20*	**2,391,080**	2,345,345
Salaries and wages		**140,719**	112,817
Interest	*24*	**61,027**	65,509
Capital expenditure		**183,524**	175,012
Others		**141,253**	141,175
Nontrade		**559,766**	823,536
Government payables		**101,817**	151,098
Contract liabilities		**130,950**	130,559
Other payables	*19,20*	**93,822**	59,677
		₱4,913,647	₱4,904,947

a. Trade and other payables are noninterest-bearing and normally have 30 to 45 days terms. Trade payables from related parties are payable on demand.

b. Accrued expenses pertain to various expenses which were already incurred but no invoice has been received at the end of the financial reporting period.

c. Nontrade payables consist of security deposits, advances from principals and contractors, agencies and others.

d. Contract liabilities include advance payments received for services to be rendered. The outstanding balances of these accounts increased in 2024 due to the increase in uncompleted service of travel cash transactions within the year. Set out below is the amount of revenue recognized from:

	December 31	
	2024	2023
	(In Thousands)	
Amounts included in contract liabilities at the beginning of the year	**₱130,559**	₱35,827

e. Other payables include provision for contingencies amounting to ₱93.8 million and ₱58.1 million as at December 31, 2024 and 2023, respectively (see Note 19).

17. Long-term Debt

Long-term debt consists of:

		December 31	
	Note	**2024**	2023
		(In Thousands)	
Banco de Oro Unibank, Inc. (BDO)	*20*	**₱3,560,000**	₱3,900,000
Unamortized debt arrangement fees		**(17,052)**	(23,355)
		3,542,948	3,876,645
Current portion		**333,970**	333,698
Noncurrent portion		**₱3,208,978**	₱3,542,947

BDO Term Loan Facility Agreements

a.) On April 10, 2018, 2GO entered into a five-year ₱3.5 billion term loan facility agreement with BDO to refinance the outstanding balance from its previous long-term loan with BDO and to fund various capital expenditures and other general requirements. Principal borrowings are due upon maturity at the end of five years in April 2023, while interest is payable quarterly. In April 2018 and April 2020, 2GO borrowed ₱2.5 billion and ₱1.0 billion, respectively, which is subject to fixed and floating interest rate, respectively.

On April 11 and 14, 2023, 2GO repaid ₱100.0 million of the term loan and refinanced ₱3.4 billion with a new term loan facility agreement for another five-year term. The new term loan facility requires annual repayment of 10% of the outstanding principal by the anniversary date each year and balloon payment of 50% on maturity date and is subject to a floating interest rate.

The term loan facility agreements are secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI and SCVASI. In addition, 2GO is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum debt service coverage ratio (DSCR) of 1.25 based on the amended facility agreement dated October 22, 2024.

Interest rate is floater at 3M BVAL plus 100 bps/.95 or floor of 7%. The floating interest rate is subject to periodic review and adjustment earlier than five banking days prior to each "Interest Setting Date" as long as the term loan remains unpaid.

b.) On April 19, 2021, 2GO entered into another five-year ₱500.0 million term loan facility agreement with BDO to partially finance acquisition and landed cost of vessel. Principal borrowings are due upon maturity at the end of five years in April 2026, while interest is payable quarterly and is subject to fixed interest rate of 4.9%. The facility was fully drawn in April 2021.

The second term loan facility agreement is secured by the Chattel Mortgage over a passenger-cargo ship named M/V Masagana with a carrying value of ₱804.6 million and ₱706.4 million as of December 31, 2024 and 2023, respectively.

2GO is required to maintain a debt-to-equity ratio not exceeding 2.5:1 based on the latest audited annual consolidated financial statements of 2GO. On December 2, 2024, the Group obtained an approval from BDO to amend this requirement. Effective 2024, the Group is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum DSCR of 1.25. The Group is no longer required to maintain the maximum debt-to-equity ratio.

Borrowing Costs and Debt Transaction Costs
Interests from long-term borrowings of the Group recognized as expense totaled ₱252.2 million in 2024, ₱260.9 million in 2023 and ₱232.1 million in 2022 (see Note 24).

The Group paid ₱25.5 million, ₱3.0 million, ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2023, 2021, 2020 and 2018, respectively. Amortization of debt transaction costs included under financing charges amounted to ₱6.3 million in 2024, ₱7.3 million in 2023 and ₱7.0 million in 2022 (see Note 24).

Compliance with debt covenants
At December 31, 2023, the Group was not compliant with the debt-to-equity ratio under the Group's long-term loan agreement with BDO. However, the Group obtained a waiver letter from BDO which waives the financial covenant at December 31, 2023. At December 31, 2024, the Group was compliant with the debt-to-EBITDA and DSCR ratios.

18. Leases

The Group has various lease arrangements with third parties for the lease of containers, reefer vans, isotanks, cargo handling equipment, transportation equipment, warehouses, container yards and office space.

The future minimum lease payments on the obligations under lease together with the present value of the minimum lease payments are as follows:

	December 31, 2024		December 31, 2023	
	Future Minimum Lease Payments	**Present Value of Minimum Lease payments**	Future Minimum Lease Payments	Present Value of Minimum Lease payments
Less than one year	**₱452,233**	**₱368,777**	₱515,794	₱415,000
Between one and five years	**1,278,273**	**1,148,742**	1,458,354	1,265,615
Between six and 10 years	**18,799**	**18,749**	162,049	156,767
	1,749,305	**1,536,268**	2,136,197	1,837,382
Interest component	**213,037**	–	298,815	–
Present value	**₱1,536,268**	**₱1,536,268**	₱1,837,382	₱1,837,382

The interest expense recognized related to these leases amounted to ₱106.0 million in 2024, ₱96.9 million in 2023 and ₱96.8 million in 2022 under "Financing charges" account in the consolidated statements of profit or loss (see Note 24).

Set out below are the amounts recognized in the consolidated statement of profit or loss for the years ended December 31, 2024, 2023 and 2022 in relation to the obligation under lease and the related right-of-use assets.

		Years Ended December 31		
	Note	**2024**	2023	2022
			(In Thousands)	
Continuing operations:				
Depreciation expense of right-of-use assets	*11*	**₱431,773**	₱382,718	₱392,461
Interest expense on obligation under lease	*24*	**105,994**	96,890	96,757
Rent expense - short-term leases	*22,23*	**434,741**	493,058	413,062
Rent expense - low value assets	*22,23*	**5,399**	6,326	5,300
Gain on lease pre-termination	*11,24*	**(1,335)**	(66,329)	–
Discontinued operations*	*32*	**–**	16,326	12,315
		₱976,572	₱928,989	₱919,895

**Presented as part of costs and expenses in Note 32.*

The rollforward analysis of obligation under lease for the years ended December 31, 2024 and 2023 is disclosed in Note 31.

Lease-related expenses are presented under "Cost of Services and Goods Sold", "General and Administrative Expenses", "Financing Charges", "Other operational expenses" and "Others - net" as follows:

		Years Ended December 31		
	Note	**2024**	2023	2022
Continuing operations:			*(In Thousands)*	
Cost of services and goods sold	*22*	**₱829,500**	₱841,748	₱774,592
General and administrative expenses	*23*	**42,413**	40,354	36,231
Financing charges	*24*	**105,994**	96,890	96,757
Gain on lease pre-termination	*11,24*	**(1,335)**	(66,329)	–
Discontinued operations	*32*	**–**	16,326	12,315
		₱976,572	₱928,989	₱919,895

19. **Provisions and Contingencies**

There are certain legal cases filed against the Group in the normal course of business. Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general descriptions were provided.

The Group's provision for probable losses arising from these legal cases as at December 31, 2024 and 2023 amounted to ₱93.8 million and ₱58.1 million, respectively, and are presented as part of "Other payables" under "Trade and other payables" in the consolidated statements of financial position (see Note 16). Provision for probable losses recognized in the consolidated statements of profit or loss amounted to ₱36.1 million in 2024, ₱25.0 million in 2023 and ₱1.8 million in 2022.

20. Related Parties

In the normal course of business, the Group has transacted with the following related parties:

Relationship	Name
Stockholders of the Company	SM Investments Corporation (SMIC)
	Trident Investments Holdings Pte. Ltd.
Subsidiaries	2GO Express, Inc. (2GO Express or EXP)
	2GO Logistics, Inc. (2GO Logistics or 2GOLI)
	Scanasia Overseas, Inc. (SOI) (1)
	2GO Land Transport, Inc. (2GO Land) (2)
	Special Container and Value Added Services, Inc. (SCVASI)
	NN-ATS Logistics Management and Holdings Corporation, Inc. (NALMHCI)
	North Harbor Tugs Corporation (NHTC)
	Astir Engineering Works, Inc. (AEWI)
	United South Dockhandlers, Inc. (USDI)
	WG & A Supercommerce, Inc. (WSI) (3)
	2GO Rush, Inc. (Rush) (3)
Associates	MCC Transport Philippines, Inc. (MCCP)
	Mober Technology PTE Inc. (4)
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN)
	Kerry Logistics (Phils.), Inc. (KLPI)
Other Affiliated Companies (5)	Supervalue, Inc.
	Super Shopping Market, Inc.
	BDO Unibank, Inc.
	Prime Metroestate, Inc.
	SM Retail, Inc.
	Coolblog Philippines, Inc.
	Watsons Personal Care Stores (Philippines), Inc.
	Brownies Unlimited, Inc.
	Goldilocks Bakeshop, Inc.
	Sanford Marketing Corporation
	China Banking Corporation
	SM Prime Holdings Inc.
	Alfamart Trading Philippines, Inc.
	Homeworld Shopping Corporation
	Mini Depato Corp.
	Star Appliance Center, Inc.
	Warehouse Development Company, Inc.
	ASP Airspeed Philipines, Inc.
	Airspeed International Corporation
	International Toyworld, Inc.
	Kultura Store, Inc.
	Waltermart Supermarket, Inc.
	Online Mall Incorporated
	Sports Central (Manila), Inc.
	Costa Del Hamilo Inc.
	Digital Advantage Corp.
	Fast Retailing Philippines, Inc.
	Mindpro Retail Inc.
	SM Mart, Inc.
	SM Development Corporation

(1) On August 9, 2023, the BOD approved the cessation of business operations of SOI.
(2) Formerly WRR Trucking Corporation.
(3) Dormant companies.
(4) Sold in August 2022. Related party disclosure relates to the transactions until the date of sale.
(5) Other affiliated companies pertain to entities controlled and related to SMIC.

The following are the revenue and income (costs and expenses) included in the consolidated statements of profit or loss with related parties:

	Nature	Years Ended December 31 2024	2023	2022
			(In Thousands)	
Stockholders of the Company	Outside services	**(₱88,171)**	(₱50,900)	(₱95,808)
	Computer charges	**(18,592)**	(19,040)	(22,581)
	Communication, light and water	**(1,454)**	(2,885)	(1,016)
Associates and joint venture	Freight revenue	**2,414**	419	3,839
	Freight expense	**(54,504)**	(72,606)	(57,407)
	Shared cost	**5,343**	(3,006)	(4,183)
	Dividend income	–	162,581	–
Other Affiliated Companies	Freight revenue	**215,573**	241,258	163,413
	Other services	**35,511**	272,806	100,388
	Interest	**(299,927)**	(358,482)	(207,144)
	Food and beverage	**(251,062)**	(234,079)	(150,798)
	Rent	–	(42,497)	(16,761)
	Materials, parts and supplies	**(27,299)**	(25,841)	(16,747)
	Service fees	**480,000**	180,000	362,904
	Outside services	–	(613)	(363)
	Interest income	**226**	358	40
	Others - net	**(6,607)**	(4,016)	9,161
Key Management Personnel	Short-term employee benefits	**(61,391)**	(58,964)	(53,009)
	Long-term employee benefits	**(7,109)**	(7,159)	(15,008)

The consolidated statements of financial position include the following amounts with respect to the balances with related parties:

	Financial Statement Account	Terms and Conditions	December 31 2024	2023
			(In Thousands)	
Stockholders of the Parent Company	Trade payable	30 to 60 days; noninterest-bearing	**(₱6,046)**	(₱10,603)
	Accrued expenses	30 to 60 days; noninterest-bearing	**(15,442)**	(15,317)
Associates and joint venture	Nontrade receivables	On demand; noninterest-bearing	**61,837**	73,792
	Trade payables	30 to 60 days; noninterest-bearing	**(3,751)**	(6,817)
	Accrued expenses	30 to 60 days; noninterest-bearing	**(295)**	(699)
	Due to related parties	30 to 60 days; noninterest-bearing	–	(19)
Other Affiliated Companies	Short-term loan	See Note 15	**(1,324,000)**	(1,356,000)
	Long-term debt	See Note 17	**(3,542,948)**	(3,876,645)
	Cash in bank	On demand; interest-bearing	**395,088**	559,153
	Cash equivalents	On demand; interest-bearing	–	3,954
	Nontrade receivables	On demand; noninterest-bearing	**68,491**	99,327
	Accrued expenses	30 to 60 days; noninterest-bearing	**(67,872)**	(88,597)
	Trade payables	30 to 60 days; noninterest-bearing	**(22,124)**	(7,555)

The outstanding related party balances are unsecured and settlement is expected to be in cash, unless otherwise indicated. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period through examining the financial position of the related parties and the market in which these related parties operate.

Transactions with Subsidiaries, Associates and Other Related Parties under Common Control

- Transactions with other associates and related companies consist of shipping and co-loading services, shared services, ship management services, agency fee for manpower services, purchase of steward supplies, availment of stevedoring, arrastre, trucking, and repair services and rental.
- The Company's transactions with SCVASI and 2GO Express include shipping and forwarding services, commission and trucking services.
- The Company provides shared services to 2GO Express, SCVASI and SOI at fees based on agreed rates.
- 2GO Land provides trucking and management services to 2GO Express.
- NALMHCI provided trucking services to 2GO Express up to July 2024.
- In 2022, the Group sold its share in Mober and recognized gain amounting to ₱35.1 million (see Note 24).

Intercompany Balances Eliminated during Consolidation
The following are the intercompany balances among related parties which are eliminated in the consolidated financial statements:

Amounts owed to:	**Amounts owed by:**	**Terms and Conditions**	**2024**	2023
			(In Thousands)	
2GO	SCVASI/EXP/2GOLI/SOI/HLP/ 2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	**₱3,048,867**	₱3,379,789
EXP	2GO/SCVASI/2GOLI/SOI/ 2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	**332,956**	242,149
SOI	2GO/SCVASI/EXP/2GOLI	30 to 60 days; noninterest-bearing	**69,381**	70,809
2GOLI	2GO/SCVASI/EXP/SOI/2GO LAND	30 to 60 days; noninterest-bearing	**26,094**	35,715
SCVASI	2GO	30 to 60 days; noninterest-bearing	**101,812**	77,024
NLMHCI	2GO/EXP/NHTC	30 to 60 days; noninterest-bearing	**73,144**	56,236
USDI	2GO	30 to 60 days; noninterest-bearing	**47,163**	51,175
2GO Land	EXP/2GOLI	30 to 60 days; noninterest-bearing	**40,579**	41,288
AEWI	2GO	30 to 60 days; noninterest-bearing	**7,622**	7,622
NHTC	2GO	30 to 60 days; noninterest-bearing	**5,245**	4,963

21. **Equity**

a. Share Capital

Details of share capital as at December 31, 2024 and 2023 are as follows:

	Number of Shares	Amount
		(In Thousands)
Authorized common shares at ₱1.00 par value each	4,070,343,670	₱4,070,344
Authorized preferred shares at ₱1.00 par value each	4,564,330	₱4,564
Issued and outstanding common shares	2,462,146,316	₱2,462,146

Movements in issued and outstanding capital stock follow:

			Number of shares
Date	**Activity**	**Issue price**	**Common shares**
May 26, 1949	Issued capital stock as of incorporation date	₱1,000.00	1,002
December 10, 1971 to October 26, 1998	Increase in issued capital stock	1,000.00	1,496,597,636
December 6, 2002	Reclassification of common shares to preferred shares	1.00	40,000,000
February 10, 2003	Issuance of preferred shares before redemption	1.00	–
November 18, 2003	Redemption of preferred shares	6.67	–
September 6, 2004	Issuance of common shares by way of stock dividends	1.00	393,246,555
November 22, 2004	Redemption of preferred shares	6.67	–
December 31, 2004	Issuance of common shares prior to reorganization	1.00	(756)
October 24, 2005	Issuance of common shares through share swap transactions	1.76	414,121,123
August 22 to October 13, 2006	Conversion of redeemable preferred shares to common shares	3.20	140,687,340
December 6 -31, 2012	Redemption of redeemable preference share	6.00	–
January 1, 2019	Net issuance of common shares	1.00	16,009,916
			2,500,662,816
December 31, 2001	Treasury shares*	1.50	(38,516,500)
			2,462,146,316

** The carrying value of treasury shares is inclusive of ₱0.9 million transaction cost.*

Issued and outstanding common shares are held by 5,366 and 5,118 equity holders as of December 31, 2024 and 2023, respectively.

On November 11, 2023, the BOD approved the amendment of the Articles of Incorporation to reclassify 330 redeemable preferred shares into common shares and to increase par value of common shares from ₱1.00 to ₱1,000.00 per share. As of February 18, 2025, the amended Articles of Incorporation is yet to be approved by SEC.

b. Effective January 1, 2019, 2GO, as the surviving entity of the merger, issued a total of 2,176,151,907 shares with par value of One Peso (₱1.00) per share to the stockholders of Negros Navigation Co., Inc. ("NN"), former parent company and the absorbed company, in exchange for the net assets of NN. As a result, 2GO recognized the excess of the consolidated net assets of NN over the carrying value of additional shares issued by 2GO to NN stockholders as additional paid-in capital amounting to ₱1.6 billion and other equity reserves amounting to ₱712.2 million.

c. Retained earnings include undistributed earnings amounting to ₱1,022.0 million and ₱767.1 million as of December 31, 2024 and 2023, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until received in the form of dividends from such subsidiaries and associates. Retained earnings is further restricted to the extent of the cost of the shares held in treasury and deferred income tax assets recognized as of December 31, 2024 and 2023.

22. **Cost of Services and Goods Sold**

This account consists of the following:

	Note	2024	2023	2022
		Years Ended December 31		
		(In Thousands)		
Cost of Services				
Transportation and delivery	*20*	**₱3,755,426**	₱3,555,747	₱3,555,787
Fuel, oil and lubricants	*9*	**3,967,285**	2,855,993	2,787,563
Outside services	*20*	**3,080,153**	2,397,087	2,279,617
Depreciation and amortization	*11*	**1,309,120**	1,180,109	1,279,731
Personnel costs	*25, 26*	**858,633**	848,178	797,590
Repairs and maintenance		**547,838**	565,428	486,480
Rent	*18,20*	**431,063**	494,021	415,935
Food and beverage	*9, 20*	**373,618**	283,703	161,894
Arrastre and stevedoring		**292,561**	209,430	300,301
Insurance		**262,581**	233,398	231,826
Material and supplies used	*9, 20*	**176,556**	156,539	127,771
Communication, light and water	*20*	**139,213**	131,968	111,586
Taxes and licenses		**113,506**	99,356	60,195
Food and subsistence		**82,014**	76,699	61,042
Travel expenses		**60,107**	51,927	37,972
Concession expenses		**44,839**	61,864	60,413
Others		**36,762**	19,709	103,123
		₱15,531,275	₱13,221,156	₱12,858,826

Others include various expenses that are individually immaterial.

23. **General and Administrative Expenses**

This account consists of the following:

	Note	2024	2023	2022
		Years Ended December 31		
		(In Thousands)		
Personnel costs	*25, 26*	**₱606,765**	₱552,496	₱488,420
Outside services	*20*	**107,166**	88,309	54,514
Computer charges	*20*	**97,871**	91,158	75,494
Depreciation and amortization	*11, 14*	**83,093**	103,030	80,827
Advertising and promotion		**50,529**	34,274	25,270
Transportation and travel		**46,500**	42,512	41,520
Provision for litigation	*19*	**36,077**	24,966	1,804
Provision for ECL	*8*	**34,629**	49,928	42,959
Service fee		**22,836**	16,524	9,136
Input VAT expense		**18,322**	14,668	10,454
Communication, light and water	*20*	**15,793**	11,059	24,200
Entertainment, amusement and recreation		**11,954**	6,138	6,149
Rent	*18, 20*	**9,077**	5,363	2,427
Special projects		**5,504**	6,000	6,029
Taxes and licenses		**5,288**	8,144	2,602
Office supplies	*9*	**4,290**	4,485	4,331

(Forward)

	Note	Years Ended December 31 2024	2023	2022
		(In Thousands)		
Repairs and maintenance		**₱3,897**	₱6,708	₱14,463
Insurance		**808**	617	630
Provision for impairment of assets		–	736	8,647
Termination cost		–	45,000	12,333
Others	*14*	**59,954**	128,556	65,177
		₱1,220,353	₱1,240,671	₱977,386

Others include various expenses that are individually immaterial such as food and subsistence and other corporate expenses (see Notes 8 and 14). Further, others include central office expenses amounting to ₱15.0 million and ₱49.9 million in 2023 and 2022, respectively.

24. Other Income (Charges)

Financing Charges

	Note	Years Ended December 31 2024	2023	2022
		(In Thousands)		
Interest expense on:				
Short-term notes payable	*15*	**₱160,594**	₱99,217	₱119,371
Long-term debt	*17*	**252,243**	260,869	232,130
Amortization of:				
Obligations under lease	*18*	**105,994**	96,890	96,757
Debt transaction costs	*17*	**6,302**	7,345	6,957
Other financing charges		**22,566**	13,229	21,466
		₱547,699	₱477,550	₱476,681

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of December 31, 2024 and 2023 amounted to ₱61.0 million and ₱65.5 million, respectively (see Note 16).

Others - net

	Note	Years Ended December 31 2024	2023	2022
		(In Thousands)		
Interest income	*7, 8, 20*	**₱2,768**	₱561	₱1,590
Gain on:				
Disposal of property and equipment	*11*	**63,928**	4,550	11,290
Disposal of an associate	*20*	**–**	–	35,086
Pre-termination of leases	*11*	**1,335**	66,329	–
Recovery of previously written off accounts		**16,847**	–	–
Foreign exchange gain (loss)		**(1,985)**	(2,595)	1,019
Others - net		**105,061**	12,400	11,979
		₱187,954	₱81,245	₱60,964

In 2024, the Group sold two vessels (see Note 11). In 2024 and 2023, the Group pre-terminated certain leased warehouses (see Note 11).

"Others - net" includes write-off of long outstanding payables and accruals amounting to ₱101.0 million in 2024, prompt payment discount and other items that are individually immaterial.

25. **Personnel Costs**

Details of personnel costs are as follows:

	Note	Years Ended December 31 2024	2023	2022
			(In Thousands)	
Salaries and wages		**₱1,158,176**	₱1,093,522	₱1,065,500
Retirement benefit cost	*26*	**82,613**	83,949	83,496
Other employee benefits		**224,609**	223,203	137,014
		₱1,465,398	₱1,400,674	₱1,286,010

Other employee benefits include medical allowances and hospitalization, Social Security System, PhilHealth, Pag-ibig premiums, directors' fee, and other items that are individually immaterial.

26. **Retirement Benefits**

The Group has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Group's retirement plans meet the minimum requirement specified under Republic Act No. 7641, *Retirement Pay Law.*

The fund is administered by trustee banks under the supervision of the Board of Trustees who is also responsible for the investment strategy of the plan. The investment strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group expects to contribute ₱38.0 million to the retirement fund in 2025. The Group's transaction with the plan pertain to contribution and benefit payments.

The following tables summarize the components of retirement benefit cost included in the consolidated statements of profit or loss are as follows:

	Note	Years Ended December 31 2024	2023	2022
From continuing operations:			*(In Thousands)*	
Current service cost		**₱58,240**	₱59,242	₱62,748
Net interest cost		**24,373**	24,707	20,748
		82,613	83,949	83,496
From discontinued operations:	*32*			
Current service cost		**–**	11,449	4,443
		₱82,613	₱95,398	₱87,939

The following tables summarize the funded status and amounts recognized in the consolidated statements of financial position as of December 31:

	2024		
	Defined Benefit Obligations	**Fair Value of Plan Assets**	**Accrued Retirement Benefits**
		(In Thousands)	
January 1	**₱530,488**	**(₱90,903)**	**₱439,585**
Net retirement benefits cost in profit or loss:			
Current service cost	**55,894**	**–**	**55,894**
Net interest cost	**30,415**	**(6,041)**	**24,374**
Settlement loss	**2,345**	**–**	**2,345**
	88,654	**(6,041)**	**82,613**
Benefits paid from plan assets	**(28,944)**	**28,944**	**–**
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	**1,318**	**–**	**1,318**
Experience adjustments	**11,116**	**–**	**11,116**
Change in demographic assumptions	**(57,653)**		**(57,653)**
Return on plan assets	**–**	**(5,938)**	**(5,938)**
	(45,219)	**(5,938)**	**(51,157)**
Actual contributions	**–**	**(35,081)**	**(35,081)**
Reclassification/adjustment	**(10,339)**	**–**	**(10,339)**
December 31	**₱534,640**	**(₱109,019)**	**₱425,621**

	2023		
	Defined Benefit Obligations	Fair Value of Plan Assets	Accrued Retirement Benefits
		(In Thousands)	
January 1	₱466,328	(₱121,428)	₱344,900
Net retirement benefits cost in profit or loss:			
Current service cost	70,691	–	70,691
Net interest cost	31,219	(6,512)	24,707
	101,910	(6,512)	95,398
Benefits paid from:			
Plan assets	(84,495)	84,495	–
Book reserve	(13,737)	–	(13,737)
	(98,232)	84,495	(13,737)
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	66,508	–	66,508
Experience adjustments	(6,026)	–	(6,026)
Return on plan assets	–	5,937	5,937
	60,482	5,937	66,419
Actual contributions	–	(53,395)	(53,395)
December 31	₱530,488	(90,903)	₱439,585

The plan assets available for benefits are as follows:

	December 31	
	2024	2023
	(In Thousands)	
Cash and cash equivalents	**₱152**	₱81
Investments in government and other debt securities	**48,343**	50,039
Investments in unit investment trust fund (UITF)	**59,964**	40,189
Others	**560**	594
Fair value of plan assets	**₱109,019**	₱90,903

The Group's plan assets do not have quoted market price in an active market except for some debt instruments held by the Group. The plan assets have diverse investments and do not have any concentration risk. The plan asset is handled by BDO Unibank Inc.

As of December 31, 2024 and 2023, the Group has no transactions with its retirement funds such as loans, investments, gratuities, or surety. The fund also does not have investments in debt or equity securities of the companies in the Group.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk. Management reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The cost of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The Group updates the actuarial valuation every year by hiring the services of a third-party qualified actuary. The latest actuarial valuation report was as of reporting date. The actuarial valuation involves making various assumptions.
The principal assumptions used in determining defined benefit obligation for the Group's plans as of January 1 are shown below.

	2024	2023
Discount rate	**6.13%-6.14%**	7.31%-7.38%
Future salary increase	**6.00%**	6.00%
Turnover rate	**0.00% - 7.50%**	0.00% - 7.50%

As of December 31, 2024, the discount rate, future salary increase rate and turnover rate are 6.09%-6.12%, 6.0%, and 5.6% to 15.6%, respectively.

The accrued retirement benefits is subject to several key assumptions. Shown below is the sensitivity analysis of the retirement obligation to reasonably possible changes on each significant assumption as of December 31, 2024 and 2023.

	Increase	Impact on Accrued Retirement Benefits	
	(Decrease)	**2024**	2023
		(In Thousands)	
Discount rate	+1%	**(₱38,261)**	(₱56,889)
	-1%	**43,663**	67,443
Salary increase rate	+1%	**43,276**	66,849
	-1%	**(38,641)**	(57,453)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The average duration of the defined benefit obligation is 9.4 years and 12.7 years as of December 31, 2024 and 2023, respectively.

Maturity analysis of the benefit payments:

	2024	2023
	(In Thousands)	
Less than 5 years	**₱244,764**	₱115,127
5 years to 10 years	**458,780**	330,137
More than 10 years	**1,660,378**	4,140,492

27. **Income Taxes**

a. The components of provision for (benefit from) income tax are as follows:

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Current:			
RCIT	**₱68,222**	₱80,977	₱50,614
MCIT	**37,222**	56,337	21,826
	105,444	137,314	72,440
Deferred	**(23,741)**	(33,272)	(18,085)
	₱81,703	₱104,042	₱54,355

b. The components of the Group's recognized net deferred income tax assets and liabilities are as follows:

	Years ended December 31	
	2024	2023
	(In Thousands)	
Directly recognized in profit or loss:		
Deferred income tax assets on:		
Accrued retirement benefits	**₱67,059**	₱56,973
Unamortized past service cost	**6,334**	8,922
NOLCO	**9,204**	–
Obligations under lease	**342,985**	440,104
Accruals and others	**29,939**	45,230
	455,521	551,229
Deferred income tax liabilities on:		
Right-of-use assets	**(328,926)**	(431,541)
Unamortized debt arrangement fees and other taxable temporary differences	**(4,758)**	(5,928)
	121,837	113,760
Directly recognized in OCI:		
Deferred income tax asset on remeasurement of retirement benefits cost	**24,361**	37,150
	₱146,198	₱150,910

Deferred income tax assets on obligations under lease and deferred income tax liabilities on right-of-use assets pertain to lease arrangements that are classified as operating lease for tax purposes.

c. Details of the Group's NOLCO and excess MCIT over RCIT which can be carried forward and claimed as tax credit against regular taxable income and regular income tax due, respectively, are as follows:

NOLCO

Year Incurred	Available Until	Amount	Applied	Expired	Balances as at December 31, 2024 Amount	Balances as at December 31, 2024 Tax Effect
				(In Thousands)		
2024	2027	₱6,684	₱–	₱–	₱6,684	₱1,671
2023	2026	203,308	–	–	203,308	50,827
2021*	2026	580,619	(400,955)	–	179,664	44,916
2020*	2025	129,210	(31,815)	–	97,395	24,349
		₱919,821	(₱432,770)	₱–	₱487,051	₱121,763

**Expiration is based on "Bayanihan to Recover as One Act 2"*

Excess MCIT over RCIT

Year Incurred	Available Until	Amount	Applied	Expired	Balances as at December 31, 2024
				(In Thousands)	
2024	2027	₱37,222	₱–	₱–	₱37,222
2023	2026	56,322	(6,148)	–	50,174
2022	2025	26,045	(4,456)	–	21,589
2021	2024	11,321	(5,060)	(6,261)	–
		₱130,910	(₱15,664)	(₱6,261)	₱108,985

d. The following are the Group's NOLCO, excess MCIT over RCIT and other deductible temporary differences for which no deferred tax assets have been recognized:

	December 31 2024	December 31 2023
	(In Thousands)	
Accruals and provisions	**₱1,243,811**	₱1,531,460
Allowance for ECL	**561,035**	490,754
NOLCO	**450,235**	779,831
Allowance for cargo losses and damages	**113,166**	83,534
Excess of MCIT over RCIT	**108,985**	103,799
Provision for litigation	**93,823**	58,122
Obligation under lease	**7,922**	26,457
Allowance for inventory obsolescence	**2,405**	5,770
Accrued retirement	**342**	21,821
Others	**12,664**	2,797

e. Reconciliation between the income tax expense computed at statutory income tax rate of 25% to the provision for income tax as shown in profit or loss is as follows:

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Tax effect of income at statutory rates	**₱227,802**	₱312,841	₱87,097
Income tax effects of:			
Movement in deductible temporary differences for which no deferred tax assets were recognized	**(20,995)**	262,403	(19,566)
Application of NOLCO	**(108,193)**	(462,485)	–
Nondeductible expense	**8,657**	29,740	5,314
Interest income already subjected to final tax	**(183)**	(125)	(90)
Equity in net earnings of associates and gain on sale of associate	**(25,385)**	(38,332)	(18,205)
Others	**–**	–	(195)
Provision for income tax	**₱81,703**	₱104,042	₱54,355

28. Earnings (Loss) Per Share (EPS)

Basic and diluted earnings per share were computed as follows:

	Years ended December 31		
	2024	2023	2022
	(In Thousands, except weighted average number of common shares and loss per common shares)		
Net income for the year attributable to equity holders of the Parent Company	**₱814,573**	₱939,285	₱308,833
Net income for the year attributable to equity holders of the Parent Company (from continuing operations)	**₱821,256**	₱1,136,399	₱290,930
Weighted average number of common shares outstanding during the year	**2,462,146,316**	2,462,146,316	2,462,146,316
Income per common share	**₱0.3308**	₱0.3815	₱0.1254
Income per common share (from continuing operations)	**₱0.3336**	₱0.4615	₱0.1182

There are no potentially dilutive common shares as at December 31, 2024, 2023 and 2022.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt, obligations under lease and obligations under finance lease. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other various financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk involving possible exposure to counter-party default, primarily, on its trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments and maturing obligations; foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings; and interest rate risk resulting from movements in interest rates that may have an impact on interest bearing financial instruments.

There has been no change to the Group's exposure to credit, liquidity, foreign exchange and interest rate risks on the manner in which it manages and measures the risks since prior years.

The Group uses derivative instruments to manage exposures to fuel price risks arising from the Group's operations and its sources of financing. The details of the Group's derivative transactions, including the risk management objectives and the accounting results, are discussed in this note.

Credit risk

To manage credit risk, the Group has policies in place to ensure that all customers that wish to trade on credit terms are subject to credit verification procedures and approval of the Credit Committee. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The Group has policies that limit the amount of credit exposure to any particular customer.

The Group's exposures to credit risks are primarily attributable to cash and collection of trade and other receivables with a maximum exposure equal to the carrying amount of these financial instruments. The Group has concentration of credit risk given that majority of the Group's cash and cash equivalents are deposited in the local affiliated bank. Management assessed and believes that the Group is not exposed to any significant risk since the local affiliated bank is a related party and is one of the country's reputable banks. The Group does not have any significant credit risk exposure to other single counterparties. As of December 31, 2024 and 2023, the Group did not hold collateral from any counterparty.

The credit quality per class of financial assets that are current and neither past due nor impaired and contract assets is as follows:

December 31, 2024

	High	**Medium**	**Total**
		(In Thousands)	
Financial assets:			
Cash in banks	**₱544,791**	**₱–**	**₱544,791**
Cash equivalents	**36,406**	**–**	**36,406**
Trade receivables	**–**	**1,064,936**	**1,064,936**
Nontrade receivables	**–**	**12,487**	**12,487**
Advances to officers and employees*	**5,858**	**–**	**5,858**
Refundable deposits	**240,452**	**–**	**240,452**
Contract assets	**–**	**682,901**	**682,901**
Total	**₱827,507**	**₱1,760,324**	**₱2,587,831**

**Excluding advances amounting to ₱8.0 million subject to liquidation*

December 31, 2023

	High	Medium	Total
		(In Thousands)	
Financial assets:			
Cash in banks	₱705,313	₱–	₱705,313
Cash equivalents	14,667	–	14,667
Trade receivables	–	696,522	696,522
Nontrade receivables	–	54,634	54,634
Advances to officers and employees*	5,207	–	5,207
Refundable deposits	217,571	–	217,571
Contract assets	–	452,114	452,114
Total	₱942,758	₱1,203,270	₱2,146,028

**Excluding advances amounting to ₱16.9 million subject to liquidation*

High quality receivables pertain to receivables from related parties and customers with good favorable credit standing. Medium quality receivables pertain to receivables from customers that slide beyond the credit terms but pay a week after being past due. For new customers, the Group has no basis yet as far as payment habit is concerned.

The Group evaluated its cash in banks as high quality financial assets since these are placed in financial institutions of high credit standing. The Group also evaluated its advances to officers and employees as high grade since these are collected through salary deductions. The credit risk for refundable deposits is considered negligible as the Group has ongoing lease agreements with the counterparties with sound financial condition and sufficient liquidity.

The aging per class of financial assets, contract assets and expected credit loss are as follows:

		Past Due						
December 31, 2024	**Current**	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**91 to 120 Days**	**Over 120 Days**	**Expected Credit Loss**	**Total**
				(In Thousands)				
Financial assets:								
Cash in banks	**₱544,791**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱544,791**
Cash equivalents	**36,406**	**–**	**–**	**–**	**–**	**–**	**–**	**36,406**
Trade receivables	**1,064,936**	**383,809**	**137,664**	**49,280**	**12,405**	**648,635**	**(443,479)**	**1,853,250**
Nontrade receivables[1]	**12,487**	**40,132**	**8,797**	**15,077**	**10,207**	**98,956**	**(73,574)**	**112,082**
Advances to officers and employees[2]	**5,858**	**–**	**–**	**–**	**–**	**–**	**–**	**5,858**
Refundable deposits	**240,452**	**–**	**–**	**–**	**–**	**–**	**–**	**240,452**
Contract assets	**682,901**	**–**	**–**	**–**	**–**	**–**	**(43,982)**	**638,919**
Total	**₱2,587,831**	**₱423,941**	**₱146,461**	**₱64,357**	**₱22,612**	**₱747,591**	**(₱561,035)**	**₱3,431,758**

[(1)]Excluding nonfinancial asset amounting to ₱90.7 million.
[(2)]Excluding advances amounting to ₱8.0 million subject to liquidation.

		Past Due						
December 31, 2023	Current	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Expected Credit Loss	Total
				(In Thousands)				
Financial assets:								
Cash in banks	₱705,313	₱–	₱–	₱–	₱–	₱–	₱–	₱705,313
Cash equivalents	14,667	–	–	–	–	–	–	14,667
Trade receivables	696,522	377,264	93,189	122,965	113,460	838,676	(433,865)	1,808,211
Nontrade receivables[1]	54,634	1,034	13,472	6,997	5,973	75,213	(58,545)	98,778
Advances to officers and employees[2]	5,207	–	–	–	–	–	–	5,207
Refundable deposits	217,571	–	–	–	–	–	–	217,571
Contract assets	452,114	–	–	–	–	–	(43,029)	409,085
Total	₱2,146,028	₱378,298	₱106,661	₱129,962	₱119,433	₱913,889	(₱535,439)	₱3,258,832

[(1)]Excluding nonfinancial asset amounting to ₱102.8 million.
[(2)]Excluding advances amounting to ₱16.9 million subject to liquidation.

Liquidity risk

The Group manages its liquidity profile to be able to finance its capital expenditures and service its maturing debt by maintaining sufficient cash during the peak season of the passage business. The Group regularly evaluates its projected and actual cash flows generated from operations.

The Group's existing credit facilities with various banks are covered by the Continuing Suretyship for the accounts of the Group.

The liability of the Surety is primary and solidary and is not contingent upon the pursuit by the bank of whatever remedies it may have against the debtor or collaterals/liens it may possess. If any of the secured obligations is not paid or performed on due date (at stated maturity or by acceleration), the

Surety shall, without need for any notice, demand or any other account or deed, immediately be liable therefore and the Surety shall pay and perform the same.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual repayment obligations and the Group's cash to be generated from operations and the Group's financial assets:

	December 31, 2024			
	Less than 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	**₱4,163,265**	**₱–**	**₱–**	**₱4,163,265**
Short-term notes payable	**2,539,000**	**–**	**–**	**2,539,000**
Long-term debt[2]	**340,000**	**3,220,000**	**–**	**3,560,000**
Obligations under lease[3]	**452,233**	**1,278,273**	**18,799**	**1,749,305**
	₱7,494,498	**₱4,498,273**	**₱18,799**	**₱12,011,570**
Financial and contract assets				
Cash and cash equivalents	**₱622,202**	**₱–**	**₱–**	**₱622,202**
Trade and other receivables[4]	**2,488,243**	**–**	**–**	**2,488,243**
Refundable deposits	**104,121**	**136,331**	**–**	**240,452**
	₱3,214,566	**₱136,331**	**₱–**	**₱3,350,897**

	December 31, 2023			
	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	₱3,988,612	₱–	₱–	₱3,988,612
Short-term notes payable	1,816,000	–	–	1,816,000
Long-term debt[2]	340,000	3,560,000	–	3,900,000
Obligations under lease[3]	515,794	1,458,354	162,049	2,136,197
	₱6,660,406	₱5,018,354	₱162,049	₱11,840,809
Financial and contract assets				
Cash and cash equivalents	₱762,035	₱–	₱–	₱762,035
Trade and other receivables[4]	2,349,705	–	–	2,349,705
Refundable deposits	110,587	106,984	–	217,571
	₱3,222,327	₱106,984	₱–	₱3,329,311

[1]*Excludes nonfinancial liabilities amounting to ₱753.0 million and ₱775.2 million as of December 31, 2024 and 2023, respectively.*
[2]*Gross of unamortized debt arrangement fees amounting to ₱17.05 million and ₱23.4 million as of December 31, 2024 and 2023, respectively.*
[3]*Gross of interest component amounting to ₱213.0 million and ₱298.8 million as of December 31, 2024 and 2023, respectively.*
[4]*Excludes nonfinancial assets amounting to ₱98.6 million and ₱119.7 million as of December 31, 2024 and 2023, respectively.*

Trade and other payables and maturing other liabilities are expected to be settled using cash to be generated from operations, drawing from existing and new credit facilities, and additional capital contribution of the shareholders.

The future interest repayment for the long-term debt is as follows:

	December 31	
	2024	2023
	(In Thousands)	
Less than 1 Year	**₱228,396**	₱252,517
1 to 5 Years	**426,658**	655,054
Total	**₱655,054**	₱907,571

The undrawn loan commitments from credit facilities of the Group amounted to ₱3.2 billion and ₱2.6 billion as of December 31, 2024 and 2023, respectively.

Foreign exchange risk
Foreign currency risk arises when the Group enters into transactions denominated in currencies other than their functional currency. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. To mitigate the risk of incurring foreign exchange losses, the Group maintains cash in banks in foreign currency to match its financial liabilities.

The Group's significant foreign currency-denominated financial assets and financial liabilities as of December 31, 2024 and 2023 are as follows:

		December 31, 2024		December 31, 2023	
	Currency	**Amount in Original Currency**	**Total Peso Equivalent**	Amount in Original Currency	Total Peso Equivalent
			(In Thousands)		
Financial Assets					
Cash in banks	USD	**485**	**₱28,043**	372	₱20,653
Trade receivables	USD	**74**	**4,303**	146	8,087
		559	**₱32,346**		₱28,740
Financial Liabilities					
Trade and other payables	USD	**463**	**₱26,806**	464	₱25,805
	JPY	**36,823**	**13,521**	27,240	10,705
Obligation under lease	USD	**3,193**	**184,712**	2,206	122,575
			₱225,039		₱159,085
Net foreign currency denominated assets (liabilities)	USD	**(3,097)**	**(₱179,172)**	(2,153)	(₱119,640)
	JPY	**(36,823)**	**(13,521)**	(27,240)	(10,705)

USD 1 = ₱57.85 in December 2024 and ₱55.57 in 2023
JPY 1 = ₱0.37 in December 2024 and ₱0.39 in December 2023

The Group recognized foreign exchange gain (loss) amounting to (₱2.0 million), (₱2.6 million), and ₱1.0 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 24).

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax for years ended December 31, 2024, 2023 and 2022.

	Appreciation (Depreciation) of Foreign Currency	**Decrease (increase) in loss before tax**		
		December 31		
		2024	2023	2022
			(In Thousands)	
US Dollar (USD)	1%	**(₱10,912)**	(₱7,286)	(₱1,299)
	(1%)	**10,912**	7,286	1,299
Japanese Yen (JPY)	1%	**(1,540)**	(1,219)	(1,019)
	(1%)	**1,540**	1,219	1,019

There is no other impact on the Group's equity other than those already affecting profit or loss.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are subject to fixed interest rates ranging from 4.9% to 7.0% and 5.85% to 7.50% in 2024 and 2023, respectively.

The Group's ₱3.6 billion long-term debt under the BDO Term Loan Facility Agreements includes ₱3.1 billion long-term debt which bear floating interest rates and exposes the Group to cash flow interest rate risk.

The table below sets forth the estimated change in the Group's income before tax (through the impact on the floating interest rate borrowings) due to parallel changes in the interest rate curve in terms of the basis points (bp) as of December 31, 2024 and 2023, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of profit or loss.

	Increase(Decrease) in income before income tax	
	December 31	
	2024	2023
	(In Thousands)	
100 bp rise	**(₱35,429)**	(₱38,766)
100 bp fall	**35,429**	38,766
50 bp rise	**(17,715)**	(19,383)
50 bp fall	**17,715**	19,383

Capital Risk Management Objectives and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and produce adequate and continuous opportunities to its employees; and to provide an adequate return to shareholders by pricing products/services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group's overall strategy in managing its capital remains unchanged since the prior year.

The Group considers its total equity as its capital. The Group monitors capital on the basis of the carrying amount of equity as presented on the consolidated statement of financial position. The capital ratios are as follows:

	December 31	
	2024	2023
Assets financed by:		
Creditors	**83%**	87%
Stockholders	**17%**	13%

As of December 31, 2024 and 2023, the Group met its capital management objectives.

30. **Fair Values of Financial Instruments and Nonfinancial Assets**

The table below shows the carrying amounts and fair values of financial assets and liabilities. The fair values have been determined based on Level 3 fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Liabilities				
Long-term debts	**₱3,542,948**	**₱3,688,657**	₱3,876,645	₱4,039,849
Obligations under lease	**1,536,268**	**1,563,895**	1,837,382	1,821,864
	₱5,079,216	**₱5,252,552**	₱5,714,027	₱5,861,713

The following methods and assumptions are used to estimate the fair value of each class of financial instruments and nonfinancial asset:

Cash and cash equivalents, trade and other receivables, trade and other payables, refundable deposits included under "Other current assets"
The carrying amounts of these financial instruments approximate their respective fair values due to their relatively short-term maturities.

Refundable deposits included under "Other noncurrent assets"
The carrying amount of this financial instrument is carried at present value due to the long-term nature of this account. The fair value of refundable deposits was computed by discounting the expected cash flows ranging from 4.52% to 4.99% as the EIR. The computed fair value approximates the carrying amount of this account.

Short-term notes payable
The carrying value of short-term notes payable that reprice every three (3) months, approximates their fair value because of recent and regular repricing based on current market rate. For fixed rate loans, the carrying value approximates fair value due to its short-term maturities, ranging from three months to twelve months.

Long-term debt
Discount rate of 7.9% and 7.8% was used in calculating the fair value of the long-term debt as of December 31, 2024 and 2023, respectively.

Obligations under lease
The fair values of obligations under lease are based on the discounted net present value of cash flows using the discount rate ranging from 7.7% to 7.9% and 7.1% to 7.8% as of December 31, 2024 and 2023, respectively.

31. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

For the Year Ended December 31, 2024:

	January 1, 2024	Cash Flows				December 31, 2024
		Availments	Payments	Net	Others	
Short-term notes payable	**₱1,816,000**	**₱1,590,000**	**(₱867,000)**	**₱723,000**	**₱–**	**₱2,539,000**
Current portion of:						
Long-term debt	**333,698**	**–**	**(340,000)**	**(340,000)**	**340,272**	**333,970**
Obligations under lease	**415,000**	**–**	**(426,518)**	**(426,518)**	**380,295**	**368,777**
Noncurrent portion of:						
Long-term debt	**3,542,947**	**–**	**–**	**–**	**(333,969)**	**3,208,978**
Obligations under lease	**1,422,382**	**–**	**–**	**–**	**(254,891)**	**1,167,491**
Accrued interest	**65,509**	**–**	**(552,813)**	**(552,813)**	**548,331**	**61,027**
Total liabilities from financing activities	**₱7,595,536**	**₱1,590,000**	**(₱2,186,331)**	**(₱596,331)**	**₱680,038**	**₱7,679,243**

For the Year Ended December 31, 2023:

	January 1, 2023	Cash Flows				December 31, 2023
		Availments	Payments	Net	Others	
Short-term notes payable	₱2,306,000	₱1,204,000	(₱1,694,000)	(₱490,000)	₱–	₱1,816,000
Current portion of:						
Long-term debt	3,496,823	–	(100,000)	(100,000)	(3,063,125)	333,698
Obligations under lease	347,387	–	(387,075)	(387,075)	454,688	415,000
Noncurrent portion of:						
Long-term debt	497,977	–	–	–	3,044,970	3,542,947
Obligations under lease	1,344,512	–	–	–	77,870	1,422,382
Accrued interest	55,350	–	(460,046)	(460,046)	470,205	65,509
Total liabilities from financing activities	₱8,048,049	₱1,204,000	(₱2,641,121)	(₱1,437,121)	₱984,608	₱7,595,536

For the Year Ended December 31, 2022:

	January 1, 2022	Cash Flows				December 31, 2022
		Availments	Payments	Net	Others	
Short-term notes payable	₱3,106,000	₱2,380,000	(₱3,180,000)	(₱800,000)	₱–	₱2,306,000
Current portion of:						
Long-term debt	–	–	–	–	3,496,823	3,496,823
Obligations under lease	141,557	–	(348,512)	(348,512)	554,342	347,387
Noncurrent portion of:						
Long-term debt	3,987,844	–	–	–	(3,489,867)	497,977
Obligations under lease	498,008	–	–	–	846,504	1,344,512
Accrued interest	54,748	–	(482,249)	(482,249)	482,851	55,350
Total liabilities from financing activities	₱7,788,157	₱2,380,000	(₱4,010,761)	(₱1,630,761)	₱1,890,653	₱8,048,049

"Others" includes the effect of the following:

a. reclassification of non-current portion to current due to the passage of time;
b. amortization of debt transaction costs capitalized amounting to ₱6.3 million in 2024, ₱7.3 million in 2023 and ₱7.0 million in 2022;
c. payment of debt transaction cost amounting to ₱25.5 million in 2023 (nil in 2024 and 2022);
d. availment of obligation under lease amounting to ₱150.4 million in 2024, ₱939.2 million in 2023, and ₱1,401 million in 2022 respectively;

e. amortization of obligation under lease, which was paid during the year and included in the "Interest and financing charges" in the consolidated statements of cash flows, amounting to ₱106.0 million in 2024, ₱96.9 million in 2023 and ₱96.8 million in 2022; and
f. pre-termination of certain obligations under lease amounting to ₱20.8 million in 2024, ₱396.5 million in 2023 and nil in 2022.

32. Discontinued Operations

On August 9, 2023, the BOD approved the cessation of business operations of SOI as part of a plan to focus on improving core services and profitability of the Group.

The results of the discontinued operations are as follows:

	For the Years Ended December 31		
	2024	2023	2022
		(In thousands)	
Revenue from contracts with customers	**₱–**	₱2,835,654	₱4,726,473
Costs and expenses	–	(3,012,145)	(4,694,300)
Operating income (loss)	–	(176,491)	32,173
Financing charges	**(6,687)**	(18,022)	(13,127)
Others - net*	**4**	3,031	2,897
Income (loss) before income tax	**(6,683)**	(191,482)	21,943
Provision for income tax			
Current	–	6,000	4,030
Deferred	–	(368)	10
	–	5,632	4,040
Net income (loss)	**(₱6,683)**	(₱197,114)	₱17,903
Basic/Diluted Income (Loss) Per Share for discontinued operations	**(₱0.0028)**	(₱0.0800)	₱0.0072

** Includes interest income amounting to ₱0.003 million in 2024, ₱0.05 million in 2023, and ₱1.59 million in 2022.*

The net cash flows incurred by the discontinued operations are as follows:

	Year ended December 31		
	2024	2023	2022
		(In thousands)	
Operating activities	**(₱28,706)**	(₱48,395)	₱78,145
Investing activities	–	(2,003)	(571)
Financing activities	**(38,683)**	(136,833)	(71,081)

SGV
Building a better working world

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Philippines

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sgv.ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor, Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of 2GO Group, Inc. and Subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, included in this Form 17-A and have issued our report thereon dated February 18, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465275, January 2, 2025, Makati City

February 18, 2025

2GO GROUP, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

2GO GROUP, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

Unappropriated Retained earnings (deficit), beginning of reporting period				**(₱1,749,465)**
Add:	**Category A:**	**Items that are directly credited to Unappropriated Retained Earnings**		
		Reversal of Retained Earnings Appropriation/s	–	
		Effect of restatements or prior-year adjustments	–	
		Others (describe nature)	–	–
Less:	**Category B:**	**Items that are directly debited to Unappropriated Retained Earnings**		
		Dividend declaration during the reporting period	–	
		Retained Earnings appropriated during the reporting period	–	
		Effect of restatements or prior-year adjustments	–	
Unappropriated Retained Earnings, as adjusted				**(1,749,465)**
Add/Less: Net Income (Loss) for the current year				**506,525**
Less:	**Category C.1:**	**Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
		Equity in net income of associate/joint venture, net of dividends declared	–	
		Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Unrealized fair value gain of Investment Property	–	
		Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards (describe nature)	–	
		Sub-total		–
Add:	**Category C.2:**	**Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**		
		Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Realized fair value gain of Investment Property	–	
		Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards (describe nature)	–	
		Sub-total		–

Add:	**Category C.3:**	**Unrealized income recognized in the profit or loss in prior periods but reversed in the curret reporting period (net of tax)**		
		Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Reversal of previously recorded fair value gain of Investment Property	–	
		Reversal of previously recorded other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Adjusted Net Income (Loss)				**(1,242,940)**
Add:	**Category D:**	**Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
		Depreciation on revaluation increment (after tax)	–	
		Sub-total		–
Add/ (Less)	**Category E:**	**Adjustments related to relief granted by the SEC and BSP**		
		Amortization of the effect of reporting relief	–	
		Total amount of reporting relief granted during the year	–	
		Others (describe nature)	–	
		Sub-total		–
Add/ (Less)	**Category F:**	**Other items that should be excluded from the determination of the amount of available for dividends distribution**		
		Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
		Net movement of deferred tax asset not considered in the reconciling items under the previous categories	33,802	
		Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	–	
		Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
		Others (describe nature)	–	
		Sub-total		33,802
Total Retained Earnings, end of reporting period available for dividend				**(₱1,209,138)**

2GO GROUP, INC. AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2024
(Amounts in thousands)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in balance	Income received and accrued
	Not applicable		

(i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.

(ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective balance sheet caption or captions.

(iii) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

2GO GROUP, INC. AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2024
(Amounts in thousands)

Name & Designation of Debtor	Balance at December 31, 2023	Additions	Amounts collected/liquidated	Amounts written off/offset	Current	Noncurrent	Balance at December 31, 2024
Advances to officers and employees	₱21,339	₱–	(₱7,938)	₱–	₱13,401	₱–	₱13,401

2GO GROUP, INC. AND SUBSIDIARIES
Schedule C - Amounts Receivable from (Payable to) Related Parties which are eliminated during the consolidation of financial statements
December 31, 2024
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Current	Noncurrent	Balance at End of Year
			Amounts Collected	Amounts Written-off			
2GO Group, Inc.	₱3,375,820	₱–	₱326,953	–	₱3,048,867	–	₱3,048,867
2GO Express, Inc.	238,181	94,775	–	–	332,956	–	332,956
2GO Logistics, Inc.	31,746	–	5,652	–	26,094	–	26,094
Astir Engineering Works, Inc.	3,563	4,059	–	–	7,622	–	7,622
2GO Land Transport, Inc	37,319	3,260	–	–	40,579	–	40,579
North Harbor Tugs Corporation	994	4,251	–	–	5,245	–	5,245
Special Container and Value-Added Services, Inc.	73,055	28,757	–	–	101,812	–	101,812
Scanasia Overseas, Inc.	66,840	2,541	–	–	69,381	–	69,381
NN-ATS Logistics Management and Holdings Co., Inc.	52,267	20,877	–	–	73,144	–	73,144
United South Dockhandlers, Inc.	47,207	–	44	–	47,163	–	47,163
	₱3,926,992	**₱158,520**	**₱332,649**	–	**₱3,752,863**	–	**₱3,752,863**

2GO GROUP, INC. AND SUBSIDIARIES
Schedule D - Long-term debt
December 31, 2024
(Amounts in thousands)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current portion of long-term debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term debt" in Related Balance Sheet
BDO - Philippine Peso-denominated term loan	₱3,542,948	₱333,970	₱3,208,978

2GO GROUP, INC. AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties (Long-term loans from Related Companies)
December 31, 2024

Name of Affiliates	Beginning Balance (in thousands)	Ending Balance (in thousands)

Not applicable

2GO GROUP, INC. AND SUBSIDIARIES
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2024

Name of issuing entity of securities guaranteed by the Company for which statement is filed	Title of Issue of each class of securities guaranteed	Total amount of guaranteed outstanding	Amount owned by person or which statement is filed	Nature of Guarantee

Not applicable

2GO GROUP, INC. AND SUBSIDIARIES
Schedule G - Capital Stock
December 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and outstanding as shown under related balance sheet caption	Number of Shares reserved for options, warrants, conversion and other rights	Number of shared held by related parties	Directors, officers and employees	Others
Common shares	4,070,343,670	2,462,146,316	–	2,435,983,917	600	26,161,799
Preferred shares	4,564,330	–	–	–	–	–

2GO GROUP, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024 AND 2023

(Amounts in Thousands, Except for Ratios)

Ratio	Formula			2024	2023
Current ratio	Total Current Assets Divided by Total Current Liabilities			0.67	0.73
	Total Current Assets		5,464,315		
	Divided by: Total Current Liabilities		8,155,394		
	Current Ratio		0.67		
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities			0.41	0.43
	Total Current Assets		5,464,315		
	Less: Inventories		215,093		
	Other current assets		1,918,265		
	Quick assets		3,330,957		
	Divided by: Total Current Liabilities		8,155,394		
	Acid test ratio		0.41		
Solvency ratio	Net income before Depreciation & Amortization (Net loss from continuing operations plus depreciation and amortization) divided by Interest Bearing Debt			0.36	0.40
	Net income from continuing operations		829,504		
	Add: Depreciation and Amortization		1,392,213		
	Net income before depreciation and Amortization		2,221,717		
	Short Term Notes	2,539,000			
	Long Term Notes	3,542,948			
	Obligations under finance lease	172,242			
	Divided by: Interest Bearing Debt		6,254,190		
	Solvency Ratio		0.36		

Ratio	Formula		2024	2023
Debt-to-equity ratio	Total Liabilities divided by Total Stockholders' Equity		4.72	6.80
	Total Liabilities	12,957,484		
	Divided by: Total Stockholders' Equity	2,745,982		
	Debt-to-equity ratio	4.72		
Asset-to-equity ratio	Total Assets divided by Total Stockholders' Equity		5.72	7.80
	Total Assets	15,703,466		
	Divided by: Total Stockholders' Equity	2,745,982		
	Asset-to-equity ratio	5.72		
Interest rate coverage ratio	Earnings from continuing operations before income tax divided by interest expense		2.66	3.62
	Earnings from continuing operations before income tax	911,207		
	Add: Finance Charges	547,699		
	Less: Interest Income	2,768		
		1,456,138		
	Divided by: Interest expense	547,699		
	Interest rate coverage ratio	2.66		
Return on equity	Net income from continuing operations divided by Average Total Stockholders' Equity		0.36	0.79
	Net income from continuing operations	829,504		
	Divided by: Average Total Stockholders' Equity	2,321,570		
		0.36		
Return on assets	Net income from continuing operations divided by Average Total Assets		0.05	0.08
	Net income from continuing operations	829,504		
	Divided by: Average Total Assets	15,251,949		
	Return on assets	0.05		
Net profit margin	Net income from continuing operations divided by Total revenue		0.05	0.07
	Net income from continuing operations	829,504		
	Divided by: Total Revenue	17,921,039		
	Net profit margin	0.05		

2GO GROUP, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024 AND 2023

	2024	**2023**
Total Audit Fees ***(Section 2.1a)***	**₱5,330,000**	**₱5,650,000**
Non-audit services fees:		
Other assurance services	–	–
Tax services	462,905	350,000
All other services	–	–
Total Non-audit Fees ***(Section 2.1b)***	**462,905**	**350,000**
Total Audit and Non-audit Fees	**₱5,792,905**	**₱6,000,000**

Audit and Non-audit fees of other related entities (Section 2.1c)

	2024	**2023**
Audit fees	₱240,000	₱240,000
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Audit and Non-audit Fees of other related entities	**₱240,000**	**₱240,000**

The following document has been received:

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Receipt Date and Time: March 07, 2025 07:37:31 AM

Company Information

SEC Registration No.: 0000004409
Company Name: 2GO GROUP, INC. DOING BUSINESS U NDER THE NAMES & STYLES OF 2GO TRAVEL; 2GO FREIGHT; 2GO SUPPLY CHAIN; 2GO DISTRIBUTION; ATS;
Industry Classification: I61000
Company Type: Stock Corporation

Document Information

Document ID: OST10307202583095461
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Parent
Remarks: None

Acceptance of this document is subject to review of forms and contents

May Aguilar

From:	eafs@bir.gov.ph
Sent:	Thursday, 6 March 2025 2:43 pm
To:	2GO Group Tax
Cc:	2GO Group Tax Representative
Subject:	Your BIR AFS eSubmission uploads were received

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Hi 2GO GROUP, INC.,

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Submission Date/Time: **Mar 06, 2025 02:43 PM**
Company TIN: **000-313-401**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4 4 0 9

C O M P A N Y   N A M E

2 G O   G R O U P ,   I N C .

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

8 T H   F L O O R ,   T O W E R   1 ,   D O U B L E
D R A G O N   P L A Z A ,   E D S A   E X T E N S I O N
C O R N E R   M A C A P A G A L   A V E N U E ,   P A S A Y
C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
investor_relations@2go.com.ph	(02) 8554-8777	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,366	4th Thursday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Elmer Serrano	calliope.ngo@serranolawlawph.com	(02) 8651-7408	N/A

CONTACT PERSON's ADDRESS

8th Floor, Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **2Go Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, for the year ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the parent company financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2024, has audited the parent company financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

Frederic C. DyBuncio
Chairman of the Board
President and Chief Executive Officer

[redacted]

William Howell
Chief Financial Officer and Treasurer

Signed this 18th day of February 2025.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of 2GO Group, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and parent company statements of profit or loss, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the parent company financial position of the Company as at December 31, 2024 and 2023, and its parent company financial performance and its parent company cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 30 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of 2GO Group, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465275, January 2, 2025, Makati City

February 18, 2025

2GO GROUP, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*7, 19*	**₱266,247**	₱274,780
Trade and other receivables	*8, 19*	**4,209,363**	4,392,609
Inventories	*9*	**190,400**	166,834
Other current assets	*10*	**960,670**	1,134,832
Total Current Assets		**5,626,680**	5,969,055
Noncurrent Assets			
Property and equipment	*11, 16, 17*	**6,993,958**	6,281,258
Investments in subsidiaries and an associate - at cost	*12*	**319,628**	319,628
Deferred income tax assets	*26*	**95,642**	75,509
Other noncurrent assets	*13*	**944,475**	677,907
Total Noncurrent Assets		**8,353,703**	7,354,302
TOTAL ASSETS		**₱13,980,383**	₱13,323,357
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	*14*	**₱1,645,000**	₱890,000
Trade and other payables	*15, 18, 19*	**3,176,532**	3,260,783
Current portion of:			
Long-term debt	*16*	**333,970**	333,698
Obligations under lease	*11, 17*	**242,545**	213,873
Total Current Liabilities		**5,398,047**	4,698,354
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	*16*	**3,208,978**	3,542,947
Obligations under lease	*11, 17*	**996,909**	1,239,454
Accrued retirement benefits	*25*	**284,840**	281,840
Total Noncurrent Liabilities		**4,490,727**	5,064,241
Total Liabilities		**9,888,774**	9,762,595
Equity			
Share capital	*20*	**2,500,663**	2,500,663
Additional paid-in capital	*20*	**2,498,621**	2,498,621
Other equity reserve	*20*	**(11,700)**	(11,700)
Other comprehensive loss	*25*	**(62,221)**	(86,543)
Deficit	*20*	**(775,039)**	(1,281,564)
Treasury shares	*20*	**(58,715)**	(58,715)
Total Equity		**4,091,609**	3,560,762
TOTAL LIABILITIES AND EQUITY		**₱13,980,383**	₱13,323,357

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.

PARENT COMPANY STATEMENTS OF PROFIT OR LOSS

(Amounts in Thousands)

		Years Ended December 31	
	Note	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS	*5, 19*		
Freight		**₱8,696,888**	₱7,698,209
Passage		**2,649,939**	2,336,846
Other services		**696,865**	667,555
		12,043,692	10,702,610
COST OF SERVICES	*21*	**10,259,552**	8,239,810
GROSS PROFIT		**1,784,140**	2,462,800
GENERAL AND ADMINISTRATIVE EXPENSES	*22*	**970,781**	848,805
OPERATING INCOME		**813,359**	1,613,995
OTHER INCOME (CHARGES)			
Financing charges	*23*		
Bank loans		**(383,637)**	(314,769)
Lease liabilities		**(83,395)**	(57,385)
Dividend income	*19*	**–**	162,581
Others - net	*23*	**166,725**	7,981
		(300,307)	(201,592)
INCOME BEFORE INCOME TAX		**513,052**	1,412,403
PROVISION FOR (BENEFITS FROM) INCOME TAX	*26*		
Current		**34,768**	45,406
Deferred		**(28,241)**	4,180
		6,527	49,586
NET INCOME		**₱506,525**	₱1,362,817

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

		Years Ended December 31	
	Note	**2024**	2023
NET INCOME		**₱506,525**	₱1,362,817
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement income (loss) on accrued retirement benefits	*25*	**32,430**	(41,388)
Income tax effect	*26*	**(8,108)**	10,347
		24,322	(31,041)
TOTAL COMPREHENSIVE INCOME		**₱530,847**	₱1,331,776

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Amounts in Thousands)

	Share Capital (Note 20)	**Additional Paid-in Capital** (Note 20)	**Other Equity Reserves** (Note 20)	**Remeasurement Losses on Accrued Retirement Benefit -** Net of Tax (Note 25)	**Deficit** (Note 20)	**Treasury Shares**	**Total Equity**
BALANCE AT JANUARY 1, 2023	**₱2,500,663**	**₱2,498,621**	**(₱11,700)**	**(₱55,502)**	**(₱2,644,381)**	**(₱58,715)**	**₱2,228,986**
Net income for the year	–	–	–	–	1,362,817	–	1,362,817
Other comprehensive loss for the year	–	–	–	(31,041)	–	–	(31,041)
Total comprehensive income for the year	–	–	–	(31,041)	1,362,817	–	1,331,776
BALANCE AT DECEMBER 31, 2023	**2,500,663**	**2,498,621**	**(11,700)**	**(86,543)**	**(1,281,564)**	**(58,715)**	**3,560,762**
Net income for the year	–	–	–	–	506,525	–	506,525
Other comprehensive income for the year	–	–	–	24,322	–	–	24,322
Total comprehensive income for the year	–	–	–	24,322	506,525	–	530,847
BALANCE AT DECEMBER 31, 2024	**₱2,500,663**	**₱2,498,621**	**(₱11,700)**	**(₱62,221)**	**(₱775,039)**	**(₱58,715)**	**₱4,091,609**

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱513,052**	₱1,412,403
Adjustments for:			
Depreciation and amortization of property and equipment and software cost	*11, 13 21, 22*	**1,083,565**	912,276
Financing charges	*23*	**467,032**	372,154
Gain on disposal of property and equipment	*23*	**(65,779)**	(5,433)
Provision for impairment of other assets	*11*	**–**	736
Interest income	*7, 19, 23*	**(232)**	(148)
Dividend income	*19*	**–**	(162,581)
Unrealized foreign exchange loss		**(4,576)**	1,119
Retirement benefit cost	*25*	**50,741**	53,026
Operating income before working capital changes		**2,043,803**	2,583,552
Decrease (increase) in:			
Trade and other receivables		**183,246**	238,986
Inventories		**(23,566)**	(40,260)
Prepaid expenses and other current assets		**38,789**	(28,583)
Increase (decrease) in trade and other payables		**(92,770)**	250,310
Cash generated from operations		**2,149,502**	3,004,005
Interest received		**232**	148
Contribution to retirement fund	*25*	**(15,311)**	(33,928)
Income taxes paid, including creditable withholding taxes		**(182,223)**	(160,106)
Net cash provided by operating activities		**1,952,200**	2,810,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	*11*	**(1,955,182)**	(1,974,313)
Software costs	*13*	**(10,620)**	(5,870)
Dividends received	*19*	**–**	162,581
Proceeds from sale of property and equipment	*11*	**266,270**	21,849
Payments for various deposits		**(1,402)**	(79,526)
Net cash used in investing activities		**(1,700,934)**	(1,875,279)

(Forward)

	Note	Years Ended December 31 2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES	*29*		
Proceeds from availments of short-term notes payable	*14*	**₱1,490,000**	₱990,000
Payments of:			
Short-term notes payable	*14*	**(735,000)**	(1,225,000)
Long-term debt	*16*	**(340,000)**	(100,000)
Obligations under lease	*17*	**(213,873)**	(166,278)
Interest and financing charges	*23*	**(465,502)**	(356,025)
Debt transaction cost	*23*	**−**	(25,500)
Net cash used in financing activities		**(264,375)**	(882,803)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**4,576**	(1,119)
NET INCREASE IN CASH		**(8,533)**	50,918
CASH AT BEGINNING OF YEAR		**274,780**	223,862
CASH AT END OF YEAR	*7*	**₱266,247**	₱274,780

See accompanying Notes to the Parent Company Financial Statements.

1. Corporate Information and Approval of the Parent Company Financial Statements

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. Its corporate life was renewed on May 12, 1995 and will expire on May 25, 2049. However, under the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. It is primarily engaged in the business of operating Roll-on Roll-off (ROPAX) and freighter vessels for purposes of transporting cargo and passengers by sea within of the Philippines. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila. 2GO's shares of stock are publicly traded on the Philippine Stock Exchange (PSE).

As of December 31, 2020, 2GO is 35.22%-owned by KGLI-NM Holdings, Inc., 30.49% owned by SM Investments Corporation (SMIC), 22.36%-owned by China-ASEAN Marine B.V. (CAMBV) and 11.93% owned by public shareholders.

On June 3, 2021, SMIC acquired 550,558,388 common shares representing 22.36% of 2GO from KGLI-NM. This resulted in an increase of SMIC's ownership in 2GO to 52.85%, thereby making 2GO a subsidiary of SMIC. On the same date, Trident Investments Holdings Pte. Ltd. (Trident) acquired 230,563,877 common shares of 2GO from KGLI-NM and 550,558,388 common shares from CAMBV, or a total of 781,122,265 common shares representing 31.73% of 2GO. Public shareholders own 15.42%.

On February 28, 2023, the Board of Directors of 2GO approved the voluntary delisting of 2GO shares from the PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission. In the Annual Stockholders' Meeting of 2GO held on April 18, 2023, stockholders owning 2,409,564,0081 shares or 97.86% of the outstanding capital stock of 2GO approved the voluntary delisting. The PSE approved the delisting effective July 17, 2023.

As of June 30, 2023, with the completion of the tender offer, 2GO's outstanding capital stock is owned by: SMIC (1,654,861,652 common shares or 67.21%); Trident (781,122,265 common shares or 31.73%); and public shareholders own 1.06%.

The accompanying parent company financial statements as at December 31, 2024 and 2023 and for the years then ended were approved and authorized for issue by the BOD on February 18, 2025.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis. The parent company financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All values are presented to the nearest thousands, except when otherwise indicated.

The Company also prepared and issued consolidated financial statements for the same period in which it consolidates all its investments in subsidiaries and associates and interests in joint ventures. Such consolidated financial statements provide information about the economic activities.

Statement of Compliance
The parent company financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

3. Material Accounting Policy Information

Accounting policies have been applied consistently to all years presented in the parent company financial statements, except for the changes in accounting policies explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Company adopted the following amendments to standards starting January 1, 2024. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Leases*, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued But Not Yet Adopted
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
  - Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The material accounting policy information adopted in the preparation of the parent company financial statements are summarized below.

<u>Investments in Subsidiaries and Associates</u>
Investment in subsidiaries and associates are carried at cost less any accumulated impairment in value.

<u>Determination of Fair Value</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interest.

<u>Financial Instruments</u>
Initial Recognition of Financial Instruments
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability. Trade receivables or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

Financial assets
At initial recognition, the Company classifies its financial assets as follows:

- FVTPL
- Fair value through other comprehensive income (FVTOCI)
- Financial assets measured at amortized cost

The Company has no financial assets classified as FVTPL and FVTOCI.

Financial liabilities
Financial liabilities of the Company are classified as measured at amortized cost.

Subsequent measurement
Financial assets measured at amortized cost
After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

The Company's cash in banks and cash equivalents, trade and other receivables and refundable deposits (presented as part of "Other current assets" account and "Other noncurrent assets" account in the parent company statement of financial position) are classified under this category.

Financial liabilities measured at amortized cost
After initial recognition, these financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses on other financial liabilities are recognized in the parent company statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Company's notes payable, trade and other payables excluding unearned revenue, long-term debt and obligations under lease are classified under this category.

De-recognition of financial assets and liabilities

Financial assets. A financial asset is generally derecognized when the rights to receive cash flows from the asset have expired.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime

ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information (e.g., financial difficulty or insolvency) indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition, such as purchase price and transport costs, is primarily determined using the weighted average method. NRV of inventories for sale is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale, while NRV of inventories for usage is the estimated replacement cost. An allowance for inventory obsolescence is provided for based on the Company's historical inventory expiration experience and physical inspection.

Property and Equipment

Property and equipment, except land, is stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

Drydocking costs, consisting mainly of main engine overhaul, replacement of steel plate of the vessels' hull and related expenditures, are capitalized as a separate component of "Vessels in operations". When significant drydocking costs are incurred prior to the end of the amortization period, the remaining unamortized balance of the previous drydocking cost is derecognized in profit or loss.

Vessels under refurbishment, if any, include the acquisition cost of the vessels, the cost of ongoing refurbishments and other direct costs. Construction-in-progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the refurbishment of vessels and construction of property and equipment are capitalized during the refurbishment and construction period. Vessels under refurbishment and construction in progress are not depreciated until such time the relevant assets are complete and available for use but tested for impairment losses. Refurbishment of existing vessels is capitalized as part of vessel improvements and depreciated at the time the vessels are put back into operation.

Minor spare parts and service equipment are typically carried as inventory and recognized in profit or loss as consumed. Major spare parts and stand-by equipment are carried as property and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property and equipment.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, namely:

	Note	In Years
Vessels in operations, excluding drydocking costs and vessel equipment and improvements	*4*	30 - 35*
Drydocking costs		2 - 2.5
Vessel equipment and improvements		3 - 5
Containers and reefer vans		5 - 10
Terminal and handling equipment		5 - 10
Furniture and other equipment	*4*	3 - 5
Land improvements		5 - 10
Buildings and warehouses		5 - 20
Transportation equipment		5 - 10
Spare parts and service equipment		3 - 5
Leasehold improvements		Shorter of 5 - 20 or lease term

**From the time the vessel was built.*

Impairment of Nonfinancial Assets
The carrying values of the Company's nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGUs are written-down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell or value in use (VIU). The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the parent company statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Equity
The equity of the Parent Company consists of share capital, additional paid-in capital (APIC), treasury shares, other comprehensive income (loss) (OCI) and retained earnings (deficit).

Treasury shares are the Company's own equity instruments that are reacquired. Treasury shares are recognized at cost and deducted from equity.

OCI of the Company includes gains or losses on accrued retirement benefits.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when controls of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods and services. The specific recognition criteria for each type of revenue are as follows:

Shipping revenues are recognized when the related services are rendered. Shipping revenues include revenue from ancillary services such as wharfage, arrastre, stevedoring and other freight related services.

Contract balances

Contract assets

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section for "Financial instruments - initial recognition and subsequent measurement."

Contract liabilities

If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are classified under "Trade and other payables" account in the parent company statement of financial position. Contract liabilities are recognized as revenue when the Company performs under the contract.

Costs and Expenses

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefits

The Company has a funded, noncontributory retirement plan, administered by the trustee, covering its permanent employees.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Re-measurements of net defined benefit liability or asset.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Right-of-use assets are recognized at the commencement date of the lease. These assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	In Years
Container Yard	10
Office	10
Warehouse	10
Equipment	3-10

Lease liabilities are recognized at the commencement date of the lease and is measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liability is carried at amortized. Lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company applies the following recognition exemptions:

- short-term lease (leases with lease term of 12 months or less from the commencement date and do not contain a purchase option); or
- low-value assets.

Lease payments under short-term leases and low value assets are recognized as rent expense on a straight-line basis over the lease term.

Deferred Income Taxes
Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Value-added taxes (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

Creditable Withholding Taxes (CWTs)
CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rule on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve (12) months are classified as current assets.

Segment Reporting
The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company's Chief Decision Maker regularly reviews the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Financial information on business segments is presented in Note 6.

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRS Accounting Standards requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

Determining the timing of satisfaction of performance obligation shipping and logistics and other services
The Company assessed that performance obligation for shipping other services are rendered to the customers over time. As a result, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement. The measurement of progress used the estimated period travelled (measured in days) of the cargoes or goods delivered over the period of the date of acceptance of the Company up to the date of delivery to the customers.

Estimates and Assumptions
The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Provision for ECL of trade receivables and contract assets
The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 8.

Estimation of useful lives of property and equipment
The useful life of each of the Company's items of property and equipment is estimated based on the period over which the asset is expected to be available for use until it is derecognized. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. Specifically, in evaluating the useful lives of the vessels and related assets, management takes into account the intended life of the vessel fleet being operated, the estimate of the economic life from the date purchased or built, development in the domestic shipping regulations, the fleet deployment plans including the timing of fleet replacements, the changes in technology, as well as the repairs and maintenance program, among others.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expenses and decrease the carrying value of property and equipment. Refer to Note 11.

Assessment of impairment and estimation of recoverable amount of property and equipment
The Company assesses at the end of each reporting period whether there is any indication that the nonfinancial assets listed below may be impaired. If such indication exists, the entity follows the accounting policy discussed in Note 3, Material Accounting Policy Information (Impairment of Nonfinancial Assets).

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRS Accounting Standards.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are pertaining to the property and equipment of the Company amounting to ₱7.0 billion and ₱6.3 billion as of December 31, 2024 and 2023, respectively (see Note 11).

As at December 31, 2024 and 2023, management evaluated the recoverable amount of the property and equipment based on its value in use. No impairment loss was recognized on the Company's property and equipment as the recoverable amount of the assets is higher than their carrying values.

Estimation of retirement benefits costs and obligation
The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions were described in Note 25 and include, among others, discount rate and future salary increase. While it is believed that the Company's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's pension and other retirement obligations.

The discount is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Refer to Note 25.

Recognition of deferred income tax assets
The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. Consequently, only a portion of the Company's deferred income tax assets was recognized. Refer to Note 26.

Estimation of provisions for contingencies
The Company is involved in certain legal and administrative proceedings arising from the ordinary course of business. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. These estimates are based on consultations with independent outside parties, historical experience and other available data. The Company does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that significant differences in actual experience or assumption may materially affect the recorded provision. The inherent uncertainty over the outcome of these legal proceedings and other claims is brought about by the difference in the interpretation and implementation of the relevant laws and regulations. Refer to Note 18.

5. Revenue from Contracts with Customers

Disaggregated revenue information
The disaggregation of the Company's revenue from contracts with customers is presented in the parent company statement of profit or loss and disclosed in the operating segment information. The Company's disaggregation of revenue from contracts with customers based on categories that depicts the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance obligations and timing of revenue recognition
Freight, passage, and others other services: performance obligations are generally satisfied over time once the delivery services are completed.

6. Operating Segment Information

The Company has identified two reportable operating segments as follows:

- The shipping segment provides ocean-going transportation of passengers, rolling cargo, and freight cargo.
- The nonshipping segment provides logistics, supply chain management and other services.

The BOD monitors the operating results of its two operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the parent company financial statements.

Segment revenue includes revenue from services between operating segments. Such revenue and related costs are fully eliminated in the consolidation. Revenues from one customer of nonshipping segment represent approximately 26% of the segment's total revenue. Further, there were no revenue transactions with a single customer that accounts for 10.0% or more of total revenues for the other segments.

Revenues, expenses, results of operations, assets, liabilities and other information about the business segments are as follows:

	December 31, 2024			
	Shipping	**Non Shipping**	**Eliminations/ Adjustments**	**Parent company Balance**
		(In Thousands)		
External customers	**₱10,204,395**	**₱7,716,644**	**(₱5,877,347)**	**₱12,043,692**
Intersegment revenue	**1,833,834**	**501,654**	**(2,335,488)**	**–**
Revenues from contracts with customers	**₱12,038,229**	**₱8,218,298**	**(₱8,212,835)**	**₱12,043,692**
Income (Loss) before income tax	**₱627,815**	**₱283,393**	**(₱398,156)**	**₱513,052**
Benefit from (Provision for) income tax	**(36,321)**	**(45,382)**	**75,176**	**(6,527)**
Segment income	**₱591,494**	**238,011**	**(₱322,980)**	**₱506,525**
Segment assets	**₱14,139,181**	**₱4,836,757**	**(₱4,995,555)**	**₱13,980,383**
Segment liabilities	**₱9,850,458**	**₱6,849,042**	**(₱6,810,726)**	**₱9,888,774**
Other Information:				
Capital expenditures	**₱1,968,476**	**₱239,940**	**(₱239,941)**	**₱1,968,475**
Depreciation and amortization	**1,083,566**	**308,647**	**(308,648)**	**1,083,565**
Provision for expected credit losses	**16,243**	**1,538**	**(1,538)**	**16,243**
Equity in net earnings of associates and joint ventures	**114,762**	**(13,221)**	**(101,540)**	**–**

	December 31, 2023			
	Shipping	Non Shipping	Eliminations/ Adjustments	Parent company Balance
		(In Thousands)		
External customers	₱9,107,338	₱6,848,829	(₱5,253,557)	₱10,702,610
Intersegment revenue	1,595,272	361,648	(1,956,920)	–
Revenues from contracts with customers	₱10,702,610	₱7,210,477	(₱7,210,477)	₱10,702,610
Income (Loss) before income tax	₱1,556,755	(₱305,392)	₱161,040	₱1,412,403
Benefit from (Provision for) income tax	8,062	(112,104)	54,456	(49,586)
Segment income	₱1,564,817	(₱417,496)	₱215,496	₱1,362,817
Segment assets	₱13,482,768	₱4,900,841	(₱5,060,252)	₱13,323,357
Segment liabilities	₱9,724,894	₱7,145,146	(₱7,107,445)	₱9,762,595
Other Information:				
Capital expenditures	₱2,845,594	₱150,731	(₱150,731)	₱2,845,594
Depreciation and amortization	912,278	370,861	(370,863)	912,276
Provision for expected credit losses	5,981	43,947	(43,947)	5,981
Dividend income	162,581	–	–	162,581
Equity in net earnings of associates and joint ventures	144,352	8,976	(153,328)	–

7. Cash and Cash Equivalents

This account consists of:

	Note	December 31 2024	2023
		(In Thousands)	
Cash on hand		**₱33,064**	₱33,293
Cash in banks and cash equivalents	*19*	**233,183**	241,487
		₱266,247	₱274,780

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are placements for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at prevailing market rates.

Interest income earned by the Company from cash in banks amounted to ₱118 thousand in 2024 and ₱96 thousand in 2023 (see Note 23).

8. Trade and Other Receivables

This account consists of:

	Note	December 31 2024	2023
		(In Thousands)	
Trade	*19*	**₱892,709**	₱1,054,602
Contract assets		**315,706**	100,521
Nontrade	*19*	**3,071,727**	3,288,656
Advances to officers and employees		**8,027**	14,418
		4,288,169	4,458,197
Allowance for ECL		**(78,806)**	(65,588)
		₱4,209,363	₱4,392,609

a. Trade receivables are noninterest-bearing and are generally on 30 to 60 days terms.

b. Contract assets relate to revenue earned from unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers. As such, the balance of this account varies and depends on the timing of issuance of billing invoice to customers. The outstanding balance of these accounts decreased in 2024 due to the increase in issued billings within the year.

c. Nontrade receivables include advances to principals, suppliers and contractors, passage bonds and insurance from other claims. These receivables are noninterest-bearing and collectible on demand.

d. The following tables set out the rollforward of the allowance for ECL:

	Note	**December 31, 2024** Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		**₱43,854**	**₱21,734**	**₱65,588**
Provision	*22*	**–**	**16,243**	**16,243**
Write-off/adjustment		**–**	**(3,025)**	**(3,025)**
Ending		**₱43,854**	**₱34,952**	**₱78,806**

		December 31, 2023		
	Note	Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		₱42,803	₱15,821	₱58,624
Provision	*22*	–	5,981	5,981
Write-off/adjustment		1,051	(68)	983
Ending		₱43,854	₱21,734	₱65,588

9. **Inventories**

This account consists of:

	December 31	
	2024	2023
	(In Thousands)	
At cost:		
Fuel, oil and lubricants	**₱153,169**	₱139,806
Trading goods	**27,056**	22,513
At net realizable value:		
Materials, parts and supplies	**10,175**	4,515
	₱190,400	₱166,834

The cost of materials, parts and supplies carried at net realizable value amounted to ₱11.0 million and ₱5.4 million as at December 31, 2024 and 2023, respectively. The allowance for inventory obsolescence as at December 31, 2024 and 2023 amounted to ₱0.8 million. The Company did not recognize any write-down of inventories to NRV in 2024 and 2023.

Costs of inventories were recognized and presented in the following accounts in the parent company statements of profit or loss:

		December 31	
	Note	**2024**	2021
		(In Thousands)	
Cost of services	*21*	**₱4,298,762**	₱3,099,407
General administrative expenses	*22*	**2,883**	3,290
		₱4,301,645	₱3,102,697

The cost of inventories used is presented as “Cost of services” and pertains mainly to fuel, oil and lubricants used in vessels’ operation and food and beverages sold by the shipping segment and materials and supplies used. The cost of inventories presented as “General and administrative expenses” pertains to office supplies.

10. **Other Current Assets**

This account consists of:

		December 31	
	Note	**2024**	2023
		(In Thousands)	
CWTs - current portion	*13*	**₱844,890**	₱960,230
Deferred input VAT		**53,815**	63,017
Prepaid expenses and others		**42,369**	52,387
Refundable deposits - current portion	*13*	**18,510**	26,818
Advances to suppliers/contractors		**1,086**	32,380
		₱960,670	₱1,134,832

a. CWTs represent creditable tax certificates which can be applied against any related income tax liability of the Company.

b. Prepaid expenses and others include prepaid insurance and taxes.

11. Property and Equipment

	December 31, 2024										
	Vessels in Operations	**Containers and Reefer Vans**	**Terminal and Handling Equipment**	**Furniture, Spare parts Other Equipment**	**Land Improvements**	**Buildings and Warehouses**	**Transportation Equipment**	**Leasehold Improvements**	**Construction in Progress**	**Right-Of-Use Asset**	**Total**
					(In Thousands)						
Cost											
January 1, 2024	**₱9,980,282**	**₱1,350,025**	**₱842,126**	**₱192,889**	**₱478,287**	**₱364,712**	**₱160,419**	**₱327,697**	**₱1,184,618**	**₱1,818,760**	**₱16,699,815**
Additions	**1,320,401**	**185,783**	**229,086**	**16,410**	**17,548**	**4,350**	**175,310**	**19,587**	**-**	**-**	**1,968,475**
Disposals/retirements	**(2,436,007)**	**(22,163)**	**(30,419)**	**(5,589)**	**-**	**-**	**(4,569)**	**-**	**-**	**-**	**(2,498,747)**
Reclassifications	**1,184,618**	**-**	**-**	**(625)**	**(727)**	**128**	**-**	**1,224**	**(1,184,618)**	**-**	**-**
December 31, 2024	**10,049,294**	**1,513,645**	**1,040,793**	**203,085**	**495,108**	**369,190**	**331,160**	**348,508**	**-**	**1,818,760**	**16,169,543**
Accumulated Depreciation and Amortization											
January 1, 2024	**7,122,382**	**1,251,511**	**631,507**	**171,008**	**160,861**	**304,847**	**156,870**	**239,184**	**-**	**380,387**	**10,418,557**
Depreciation and amortization	**644,724**	**43,607**	**63,113**	**12,235**	**3,835**	**6,449**	**15,736**	**17,724**	**-**	**247,859**	**1,055,282**
Disposals/retirements	**(2,236,264)**	**(21,901)**	**(29,970)**	**(5,550)**	**-**	**-**	**(4,569)**	**-**	**-**	**-**	**(2,298,254)**
Reclassifications	**-**	**-**	**-**	**-**	**-**	**22**	**-**	**(22)**	**-**	**-**	**-**
December 31, 2024	**5,530,842**	**1,273,217**	**664,650**	**177,693**	**164,696**	**311,318**	**168,037**	**256,886**	**-**	**628,246**	**9,175,585**
Net Carrying Amounts	**₱4,518,452**	**₱240,428**	**₱376,143**	**₱25,392**	**₱330,412**	**₱57,872**	**₱163,123**	**₱91,622**	**₱-**	**₱1,190,514**	**₱6,993,958**

	December 31, 2023										
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture, Spare parts Other Equipment	Land Improvements	Buildings and Warehouses	Transportation Equipment	Leasehold Improvements	Construction in Progress	Right-Of-Use Asset	Total
					(In Thousands)						
Cost											
January 1, 2023	₱9,369,633	₱1,371,444	₱847,068	₱177,841	₱494,647	₱359,445	₱159,081	₱321,599	₱4,420	₱1,082,840	₱14,188,018
Additions	715,344	-	25,256	15,219	-	5,267	1,338	6,098	1,180,198	896,874	2,845,594
Disposals/retirements	(104,695)	(21,659)	(29,958)	(171)	(16,360)	-	-	-	-	(160,954)	(333,797)
Reclassifications	-	240	(240)	-	-	-	-	-	-	-	-
December 31, 2023	9,980,282	1,350,025	842,126	192,889	478,287	364,712	160,419	327,697	1,184,618	1,818,760	16,699,815
Accumulated Depreciation and Amortization											
January 1, 2023	6,643,305	1,239,623	615,763	159,902	157,580	298,332	153,053	216,270	-	382,036	9,865,864
Depreciation and amortization	583,772	33,547	45,651	11,272	2,545	6,515	3,817	22,914	-	159,305	869,338
Disposals/retirements	(104,695)	(21,659)	(29,907)	(166)	-	-	-	-	-	(160,954)	(317,381)
Impairment	-	-	-	-	736	-	-	-	-	-	736
December 31, 2023	7,122,382	1,251,511	631,507	171,008	160,861	304,847	156,870	239,184	-	380,387	10,418,557
Net Carrying Amounts	₱2,857,900	₱98,514	₱210,619	₱21,881	₱317,426	₱59,865	₱3,549	₱88,513	₱1,184,618	₱1,438,373	₱6,281,258

Property and equipment under lease
Containers, cargo handling equipment and transportation equipment and office and operational spaces as of December 31, 2024 and 2023 include units acquired under lease arrangements (see Note 17).

Set out below are the carrying amounts of right-of- use assets.

December 31, 2024

	Container Yard	**Office**	**Warehouse**	**Equipment**	**Total**
			(In Thousands)		
Cost					
January 1, 2024 and December 31, 2024	**₱800,978**	**₱300,022**	**₱657,865**	**₱59,895**	**₱1,818,760**
Accumulated depreciation					
January 1, 2024	**118,112**	**166,679**	**45,685**	**49,911**	**380,387**
Depreciation	**98,890**	**33,336**	**109,644**	**5,989**	**247,859**
December 31, 2024	**217,002**	**200,015**	**155,329**	**55,900**	**628,246**
Net Carrying Amounts	**₱583,976**	**₱100,007**	**₱502,536**	**₱3,995**	**₱1,190,514**

December 31, 2023

	Container Yard	Office	Warehouse	Equipment	Total
			(In Thousands)		
Cost					
January 1, 2023	₱565,239	₱300,022	₱123,625	₱93,954	₱1,082,840
Additions	239,009	–	657,865	–	896,874
Disposal/Retirement	(3,270)	–	(123,625)	(34,059)	(160,954)
December 31, 2023	800,978	300,022	657,865	59,895	1,818,760
Accumulated depreciation					
January 1, 2023	54,360	133,343	116,353	77,980	382,036
Depreciation	67,022	33,336	52,957	5,990	159,305
Disposal/Retirement	(3,270)	–	(123,625)	(34,059)	(160,954)
December 31, 2023	118,112	166,679	45,685	49,911	380,387
Net Carrying Amounts	₱682,866	₱133,343	₱612,180	₱9,984	₱1,438,373

Residual value of vessels
The Company reviews the residual value of the vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. The residual value for vessels is reassessed by management based on the vessel’s lightweight, the market price of scrap metals and the history of vessels disposal.

Capitalization of drydocking costs
Vessels in operations also include capitalized drydocking costs incurred amounting to ₱100.7 million in 2024 and ₱340.8 million in 2023. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

Acquisition of property and equipment
In December 2023, the Group acquired two vessels with an acquisition cost totaling to ₱1,180.2 million, which are still in construction in progress as of December 31, 2023. These two vessels were put in commercial operation in 2024 with total cost of ₱1,529.6 million, including the cost of refurbishing. In 2024, the Group acquired another vessel for total cost of ₱807.8 million

Unpaid acquisition costs of property and equipment amounted to ₱165.8 million and ₱152.5 million as of December 31, 2024 and 2023, respectively (see Note 15).

Sale and disposal of property and equipment
The Company disposed certain property and equipment for net cash proceeds of ₱266.3 million in 2024 and ₱21.8 million in 2023. The cash proceeds in 2024 include the proceeds from disposal of the two vessels.

Depreciation and amortization
Depreciation and amortization were recognized and presented in the following accounts in the parent company statements of profit or loss:

		Years Ended December 31	
	Note	**2024**	2023
		(In Thousands)	
Cost of services and goods sold	*21*	**₱1,010,092**	₱822,486
General and administrative expense	*22*	**45,190**	46,852
		₱1,055,282	₱869,338

Property and equipment held as collateral
Property and equipment, including right-of-use assets, as at December 31, 2024 and 2023 amounted to ₱1,995.1 million and ₱2,144.8 million, respectively (see Note 17). These property and equipment include the carrying value of one vessel amounting to ₱804.6 million and ₱706.4 million as at December 31, 2024 and 2023, respectively, which is use to secure the ₱500.0 million term loan facility agreement with BDO (see Note 16).

12. Investments in Subsidiaries and an Associate

As at December 31, 2024 and 2023, the subsidiaries and an associate of the Company, all incorporated in the Philippines, are the following:

		Percentage of Ownership	
	Nature of Business	Direct	Indirect
Subsidiaries:			
2GO Express Inc. (2GO Express) and Subsidiaries:	Transportation/logistics	100.0	–
2GO Logistics, Inc. (2GO Logistics)	Logistics/warehousing	–	100.0
ScanAsia Overseas, Inc. (SOI) [5]	Distribution	–	100.0
2Go Land Transport, Inc. [1]	Transportation	–	100.0
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	100.0	–
WG&A Supercommerce, Inc. (WSI) [2][4]	Vessels' hotel management	100.0	–
NN-ATS Logistics Management and Holdings Co., Inc. (NALMHCI) [3] and Subsidiaries:	Holding company	100.0	–
North Harbor Tugs Corporation (NHTC)	Tug assistance	–	59.0
Astir Engineering Works, Inc. (AEWI) [2] [3]	Engineering works	–	100.0
Associate:			
MCC Transport Philippines (MCCP)	Container transportation business	33.0	–

[1]*Formerly WRR Trucking Corporation*
[2]*Ended commercial operations in 2018 or prior*
[3]*In September 2020, the BOD approved the merger of these companies*
[4]*Dormant companies*
[5]*On August 9, 2023, the BOD approved the cessation of business operations of SOI.*

The details of the Company's investments in subsidiaries and an associate accounted for under the cost method are as follows:

	December 31	
	2024	2023
	(In Thousands)	
Subsidiaries:		
2GO Express	**₱260,628**	₱260,628
NALMHCI	**37,500**	37,500
SCVASI	**5,000**	5,000
WSI	**250**	250
	303,378	303,378
Associate - MCCP	**16,500**	16,500
	319,878	319,878
Less allowance for impairment losses	**250**	250
	₱319,628	₱319,628

In April 2022, the Company subscribed to additional 1,000,000 shares of SCVASI for ₱1.0 million.

Summarized financial information of the Company's subsidiaries and associate are set as follows:

	Subsidiaries					
	Express		SCVASI		Others	
	2024	2023	**2024**	2023	**2024**	2023
			(In Thousands)			
As at December 31:						
Current assets	**₱1,289,896**	₱1,111,194	**₱778,792**	₱627,373	**₱156,994**	₱128,135
Noncurrent assets	**233,877**	222,571	**494,726**	378,744	**29,362**	37,927
Current liabilities	**1,770,618**	1,583,975	**718,501**	610,029	**138,918**	119,257
Noncurrent liabilities	**86,350**	126,767	**234,406**	191,884	**319**	101
Equity	**(333,195)**	(376,977)	**320,611**	204,204	**47,119**	46,704
For the years ended December 31:						
Revenue from contracts with customers	**₱3,677,543**	₱3,026,206	**₱3,114,704**	₱2,199,453	**₱54,072**	₱–
Net income	**29,904**	11,903	**132,832**	57,119	**627**	369

	Associate MCCP	
	2024	2023
As at December 31:		
Current assets	**₱1,316,393**	₱1,281,068
Noncurrent assets	**1,056,924**	266,412
Current liabilities	**730,884**	776,044
Noncurrent liabilities	**515,622**	32,803
Equity	**1,126,811**	738,633
For the years ended December 31:		
Revenue from contracts with customers	**₱2,788,497**	₱2,373,105
Net income	**261,800**	346,619

13. Other Noncurrent Assets

	December 31	
	2024	2023
	(In Thousands)	
CWTs - net of current portion	**₱783,565**	₱520,769
Software	**41,468**	59,131
Advances to suppliers and contractors	**33,532**	32,718
Refundable deposits - net of current portion	**84,458**	58,140
Deferred input VAT	**1,452**	7,149
Carrying Amount	**₱944,475**	₱677,907

a. The software is amortized on a straight-line basis over its estimated useful life of three to five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The movements in Software are as follows:

		December 31	
	Note	**2024**	2023
Cost		*(In Thousands)*	
Balances at beginning of year		**₱201,074**	₱195,204
Additions		**10,620**	5,870
Balances at end of year		**211,694**	201,074
Accumulated Amortization			
Balances at beginning of year		**141,943**	99,005
Amortization	*22*	**28,283**	42,938
Balances at end of year		**170,226**	141,943
Carrying Amount		**₱41,468**	₱59,131

Amortization was recognized and presented in the parent company statements of profit or loss under “General and administrative expenses”.

b. Refundable deposits consist of amounts paid for rental deposits which can be collected in cash upon termination of the lease. The balance as of December 31, 2024 is net of impairment allowance of ₱3.0 million.

c. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels incurred prior to January 1, 2022.

14. Short-term Notes Payable

Notes payable represents unsecured short-term peso-denominated notes payable obtained by the Company from local banks with annual interest rates ranging from 5.85% to 6.30% in 2024 and from 5.85% to 7.50% in 2023. The notes payable were rolled over during the year

Total interest expense incurred by the Company from short-term notes payable was ₱109.0 million in 2024 and ₱40.3 million in 2023 (see Notes 19 and 23).

15. **Trade and Other Payables**

	Note	December 31 **2024**	2023
		(In Thousands)	
Trade	*19*	**₱858,744**	₱581,884
Accrued expenses			
Expenses	*19*	**1,226,281**	1,517,032
Capital expenditure		**165,820**	152,527
Withholding and other taxes		**34,812**	98,308
Interest		**57,521**	62,293
Salaries and wages		**74,904**	53,641
Others		**65,034**	78,453
Nontrade	*19*	**505,555**	647,737
Contract liabilities		**101,158**	15,843
Other payables	*18, 19*	**86,703**	53,065
		₱3,176,532	₱3,260,783

a. Trade and other payables are noninterest-bearing and normally have 30 to 45 days terms. Trade payables from related parties are payable on demand.

b. Accrued expenses pertain to various expenses which were already incurred but no invoice has been received at the end of the financial reporting period.

c. Nontrade payables consist of security deposits, advances from principals and contractors, payables due to government agencies, due to related parties and others.

d. Contract liabilities include advance payments received for services to be rendered. The outstanding balances of these accounts increased in 2024 due to uncompleted service of travel cash transactions within the year. Set out below is the amount of revenue recognized from:

	December 31 **2024**	2023
	(In Thousands)	
Amounts included in contract liabilities at the beginning of the year	**₱15,843**	₱24,073

e. Other payables pertain to provision for contingencies amounting to ₱151.7 million and ₱131.5 million as at December 31, 2024 and 2023, respectively (see Note 18).

16. **Long-term Debt**

Long-term debt consists of:

	Note	December 31 **2024**	2023
		(In Thousands)	
Banco de Oro Unibank, Inc. (BDO)	*19*	**₱3,560,000**	₱3,900,000
Unamortized debt arrangement fees		**(17,052)**	(23,355)
Noncurrent portion		**3,542,948**	3,876,645
Current portion		**333,970**	333,698
Noncurrent portion		**₱3,208,978**	₱3,542,947

BDO Term Loan Facility Agreements

a. On April 10, 2018, 2GO entered into a five-year ₱3.5 billion term loan facility agreement with BDO to refinance the outstanding balance from its previous long-term loan with BDO and to fund various capital expenditures and other general requirements. Principal borrowings are due upon maturity at the end of five years in April 2023, while interest is payable quarterly. In April 2018 and April 2020, 2GO borrowed ₱2.5 billion and ₱1.0 billion, respectively, which is subject to fixed and floating interest rate, respectively.

   On April 11 and 14, 2023, 2GO repaid ₱100 million of the term loan and refinanced ₱3.4 billion with a new term loan facility agreement for another five-year term. The new term loan facility requires annual repayment of 10% of the outstanding principal by the anniversary date each year and balloon payment of 50% on maturity date and is subject to a floating interest rate.

   The term loan facility agreements are secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI and SCVASI. In addition, 2GO is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum debt service coverage ratio (DSCR) of 1.25.

   Interest rate is floater at 3M BVAL plus 100 bps/.95 or floor of 7%. The floating interest rate is subject to periodic review and adjustment earlier than five banking days prior to each "Interest Setting Date" as long as the term loan remains unpaid.

b. On April 19, 2021, 2GO entered into another five-year ₱500.0 million term loan facility agreement with BDO to partially finance acquisition and landed cost of vessel. Principal borrowings are due upon maturity at the end of five years in April 2026, while interest is payable quarterly and is subject to fixed interest rate of 4.9%. The facility was fully drawn in April 2021.

   The second term loan facility agreement is secured by the Chattel Mortgage over a passenger-cargo ship named M/V Masagana with a carrying value of ₱804.6 million and ₱706.4 million as of December 31, 2024 and 2023, respectively. 2GO is required to maintain a debt-to-equity ratio not exceeding 2.5:1 based on the latest audited annual consolidated financial statements of 2GO. On December 2, 2024, the Company obtained an approval from BDO amending this requirement. Effective 2024, the Group is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum DSCR of 1.25. The Group is no longer required to maintain the maximum debt-to-equity ratio.

Borrowing costs and debt transaction costs
Interests from long-term borrowings of the Company recognized as expense totaled ₱252.2 million in 2024 and ₱260.9 million in 2023 (see Note 23).

The Company paid ₱25.5 million, ₱3.0 million, ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2023, 2021, 2020 and 2018, respectively. Amortization of debt transaction costs included under financing charges amounted to ₱6.3 million in 2024 and ₱7.3 million in 2023 (see Note 23).

Compliance with debt covenants
At December 31, 2023, the Group was not compliant with the debt-to-equity ratio under the Group's long-term loan agreement with BDO. However, the Group obtained a waiver letter from BDO which waives the financial covenant at December 31, 2023. At December 31, 2024, the Group was compliant with the debt-to-EBITDA and DCSR ratios and is no longer required to maintain a maximum debt-to-equity ratio.

17. **Leases**

The Company has various lease arrangements with third parties for the lease of containers, cargo handling equipment transportation equipment, warehouse, container yard and office space.

The future minimum lease payments on the obligations under lease together with the present value of the minimum lease payments are as follows:

	December 31, 2024		December 31, 2023	
	Future Minimum Lease Payments	**Present Value of Minimum Lease Payments**	Future Minimum Lease Payments	Present Value of Minimum Lease Payments
		(In Thousands)		
Less than one year	**₱312,342**	**₱242,545**	₱297,267	₱213,873
Between one and five years	**1,094,846**	**978,159**	1,263,936	1,082,687
Beyond five years	**18,796**	**18,750**	162,048	156,767
	1,425,984	**1,239,454**	1,723,251	1,453,327
Interest component	**186,530**	**–**	269,924	–
Present value	**₱1,239,454**	**₱1,239,454**	₱1,453,327	₱1,453,327

The net carrying values of the above property and equipment held by the Company under leases disclosed in Note 11 to the parent company financial statements are summarized as follows:

	December 31	
	2024	2023
	(In Thousands)	
Cost	**₱1,818,759**	₱1,818,759
Less accumulated depreciation	**628,245**	380,386
Net book value	**₱1,190,514**	₱1,438,373

Interest expense recognized related to these leases amounted to ₱83.4 million in 2024 and ₱57.4 million in 2023 under "Financing charges" in the parent company statements of profit or loss (see Note 23).

Set out below are the amounts recognized in the parent company statements of profit or loss in relation to the obligation under lease and right-of-use assets for the years ended December 31, 2024 and 2023:

		Years Ended December 31	
	Note	**2024**	2023
		(In Thousands)	
Depreciation expense of right-of-use assets	*11*	**₱247,859**	₱159,305
Interest expense on obligations under lease	*23*	**83,395**	57,385
Rent expense - short-term leases	*21,22*	**56,520**	73,440
Rent expense - low-value assets	*21,22*	**104,994**	136,426
		₱492,768	₱426,556

The roll forward analysis of obligation under lease for the years ended December 31, 2024 and 2023 is disclosed in Note 29.

Lease-related expenses are presented under "Cost of Services", "General and Administrative Expenses" and "Financing charges" as follows:

		Years Ended December 31	
	Note	**2024**	2023
		(In Thousands)	
Cost of services	*21*	**₱367,505**	₱329,339
General and administrative expenses	*22*	**41,868**	39,831
Financing charges	*23*	**83,395**	57,385
		₱492,768	₱426,555

18. Provisions and Contingencies

There are certain legal cases filed against the Company in the normal course of business. Management and its legal counsel believe that the Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the parent company financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, only general descriptions were provided.

The Company's provision for probable losses arising from these legal cases as at December 31, 2024 and 2023 amounted to ₱86.7 million and ₱53.1 million, respectively, are presented as part of "Other payables" under "Trade and other payables" in the parent company statements of financial position (see Note 15). Provision for probable losses recognized in the parent company statements of profit or loss amounted to ₱34.0 million in 2024 and ₱22.3 million in 2023 (see Note 22).

19. Related Parties

In the normal course of business, the Company has transacted with the following related parties:

Relationship	Name
Stockholders of the Company	SM Investments Corporation (SMIC)
	Trident Investments Holdings Pte. Ltd.
Subsidiaries	2GO Express, Inc. (2GO Express or EXP)
	2GO Logistics, Inc. (2GO Logistics or 2GOLI)
	ScanAsia Overseas, Inc. (SOI) (1)
	2GO Land Transport, Inc. (2GO Land) (2)
	Special Container and Value Added Services, Inc. (SCVASI)
	NN-ATS Logistics Management and Holdings Corporation, Inc. (NALMHCI)
	North Harbor Tugs Corporation (NHTC)
	United South Dockhandlers, Inc. (USDI)
Associate	MCC Transport Philippines, Inc. (MCCP)
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN)
	Kerry Logistics (Phils.), Inc. (KLPI)
Other Affiliated Companies(3)	Supervalue, Inc.
	Super Shopping Market, Inc.
	BDO Unibank, Inc.
	Prime Metroestate, Inc.
	SM Retail, Inc.
	Coolblog Philippines, Inc.
	Watsons Personal Care Stores (Philippines), Inc.
	Brownies Unlimited, Inc.
	Goldilocks Bakeshop, Inc.
	Sanford Marketing Corporation
	China Banking Corporation

(Forward)

Relationship	Name
	SM Prime Holdings Inc.
	Alfamart Trading Philippines, Inc.
	Homeworld Shopping Corporation
	Mini Depato Corp.
	Star Appliance Center, Inc.
	Warehouse Development Company, Inc.
	ASP Airspeed Philippines, Inc.
	Airspeed International Corporation
	International Toyworld, Inc.
	Kultura Store, Inc.
	Waltermart Supermarket, Inc.
	Online Mall Incorporated
	Sports Central (Manila), Inc.
	Costa Del Hamilo Inc.
	Digital Advantage Corp.
	Fast Retailing Philippines, Inc.
	Mindpro Retail Inc.
	SM Mart, Inc.
	SM Development Corporation

(1) *On August 9, 2023, the BOD approved the cessation of business operations of SOI.*
(2) *Formerly WRR Trucking Corporation*
(3) *Other affiliated companies pertain to entities controlled and related to SMIC*

The following are the revenue and income (costs and expenses) included in the parent company statements of profit or loss with related parties:

	Nature	December 31 **2024**	2023
		(In Thousands)	
Stockholders of the Company	Outside services	**(53,980)**	(50,900)
	Computer charges	**(17,582)**	(19,040)
	Communication, light and water	**(1,454)**	(2,885)
Subsidiaries	Freight revenue	**1,183,389**	1,017,451
	Shared cost income	**458,527**	492,974
	Travel, rental, handling and other revenues	**218,312**	181,797
	Outside services	**(130,054)**	(80,845)
	Transportation and delivery	**(142,831)**	(108,576)
	Arrastre and stevedoring	**(14,654)**	(13,504)
	Rent	**(1,551)**	(6,531)
	Sales related expenses	**(195)**	(165)
	Other expenses	**(1,766)**	(1,690)
Associate/Joint ventures	Freight expense	**(19,726)**	(45,101)
	Shared cost	**5,343**	3,006
	Freight revenue	**127**	34
	Dividend income	–	162,581
Other Affiliated Companies	Freight	**116,433**	196,264
	Other services	**127,491**	111,390
	Food and beverage	**(251,062)**	(234,079)
	Interest expense	**(256,237)**	(287,529)
	Service fee	**480,000**	180,000
	Rent	–	(25,723)
	Materials, parts and supplies	**(27,299)**	(25,841)
	Outside services	–	(462)
	Others, net	**(6,607)**	(2,053)
Key Management Personnel	Short-term employee benefits	**(29,585)**	(28,012)
	Long-term employee benefits	**(6,584)**	(6,862)

The parent company statements of financial position include the following amounts with respect to the balances with related parties:

	Financial Statement Account	Terms and Conditions	December 31 2024	December 31 2023
			(In Thousands)	
Stockholders of the Company	Trade and other receivables	30 to 60 days; noninterest-bearing	**₱–**	₱3,300
	Trade and other payables	30 to 60 days; noninterest-bearing	**(18,331)**	–
Subsidiaries	Trade receivables	30 to 60 days; noninterest-bearing	**134,359**	212,152
	Nontrade receivables	On demand; noninterest-bearing	**2,942,633**	3,167,637
	Trade payables and other payables	30 to 60 days; noninterest-bearing	**(136,993)**	(148,975)
	Due to related parties	30 to 60 days; noninterest-bearing	**(239,081)**	(316,686)
Associate	Trade receivables and other receivables	30 to 60 days; noninterest-bearing	**49,681**	51,625
	Trade payables and other payables	30 to 60 days; noninterest-bearing	**(22)**	(3,660)
Other Affiliated Companies	Short-term loan	See Note 14	**(430,000)**	(530,000)
	Long-term loan	See Note 16	**(3,542,948)**	(3,876,645)
	Cash in bank	On demand	**144,063**	197,095
	Trade receivables and other receivables	30 to 60 days; noninterest -bearing	**50,750**	40,055
	Trade payables and other payables	30 to 60 days; noninterest -bearing	**(86,048)**	(86,174)

The outstanding related party balances are unsecured and settlement is expected to be in cash, unless otherwise indicated. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period through examining the financial position of the related parties and the market in which these related parties operate.

Transactions with Shareholders, Subsidiaries, Associates and Other Related Parties under Common Control

- Transactions with other associates and related companies consist of shipping services, shared services, ship management services, agency fee for manpower services, purchase of steward supplies, availment of stevedoring, arrastre, trucking, repair services and rental.
- The Company's transactions with SCVASI and 2GO Express include shipping and forwarding services, commission and trucking services.
- The Company provides shared services to 2GO Express, SCVASI and SOI at fees based on agreed rates.
- MCCP declared dividend income amounting to ₱162.6 million in 2023.

20. **Equity**

a. Share Capital

Details of share capital as at December 31, 2024 and 2023 are as follows:

	Number of Shares	Amount
		(In Thousands)
Authorized common shares at ₱1.00 par value each	4,070,343,670	₱4,070,344
Authorized preferred shares at ₱1.00 par value each	4,564,330	₱4,564
Issued and outstanding common shares	2,462,146,316	₱2,462,146

Movements in issued and outstanding capital stock follow:

			Number of shares
Date	**Activity**	**Issue price**	**Common shares**
May 26, 1949	Issued capital stock as of incorporation date	₱1,000.00	1,002
December 10, 1971 to October 26, 1998	Increase in issued capital stock	1,000.00	1,496,597,636
December 6, 2002	Reclassification of common shares to preferred shares	1.00	40,000,000
February 10, 2003	Issuance of preferred shares before redemption	1.00	–
November 18, 2003	Redemption of preferred shares	6.67	–
September 6, 2004	Issuance of common shares by way of stock dividends	1.00	393,246,555
November 22, 2004	Redemption of preferred shares	6.67	–
December 31, 2004	Issuance of common shares prior to reorganization	1.00	(756)
October 24, 2005	Issuance of common shares through share swap transactions	1.76	414,121,123
August 22 to October 13, 2006	Conversion of redeemable preferred shares to common shares	3.20	140,687,340
December 6 -31, 2012	Redemption of redeemable preference share	6.00	–
January 1, 2019	Issuance of common shares	1.00	16,009,916
			2,500,662,816
December 31, 2001	Treasury shares*	1.50	(38,516,500)
			2,462,146,316

* *The carrying value of treasury shares is inclusive of ₱0.9 million transaction cost.*

Issued and outstanding common shares are held by 5,336 and 5,118 equity holders as of December 31, 2024 and 2023, respectively.

On November 11, 2023, the BOD approved the amendment of the Articles of Incorporation to reclassify 330 redeemable preferred shares into common shares and to increase par value of common shares from ₱1.00 to ₱1,000.00 per share. As of February 18, 2025, the amended Articles of Incorporation is yet to be approved by SEC.

b. Effective January 1, 2019, 2GO, as the surviving entity of the merger, issued a total of 2,176,151,907 shares with par value of One Peso (₱1.00) per share to the stockholders of Negros Navigation Co., Inc. ("NN"), former parent company and the absorbed company, in exchange for the net assets of NN. As a result, 2GO recognized the excess of the net assets of NN over the carrying value of additional shares issued by 2GO to NN stockholders as an additional paid-in capital amounting to ₱1.6 billion.

c. Retained earnings is restricted to the extent of the cost of the shares held in treasury, deferred income tax assets and unrealized foreign exchange gain recognized as of December 31, 2024 and 2023.

d. Other equity reserves pertain to the Company's excess investment cost over the net assets of acquired entities under common control during the time of the acquisition.

21. Cost of Services

This account consists of the following:

	Note	**2024**	2023
		(In Thousands)	
Fuel, oil and lubricants	*9, 19*	**₱3,810,852**	₱2,726,424
Outside services	*19*	**2,311,402**	1,766,626
Depreciation and amortization	*11*	**1,010,092**	822,486
Transportation and delivery	*19*	**923,921**	895,667
Repairs and maintenance		**461,968**	490,819
Food and beverage	*9*	**373,618**	283,671
Personnel costs	*24, 25*	**300,995**	328,623
Arrastre and stevedoring	*19*	**226,782**	154,632
Insurance		**223,968**	203,442
Rent	*17*	**152,982**	205,025
Materials and supplies used	*9*	**114,292**	89,312
Communication, light and water		**90,274**	76,082
Food and subsistence		**77,939**	71,899
Concession expense		**73,384**	48,533
Taxes and licenses		**57,879**	44,378
Others		**49,204**	32,191
		₱10,259,552	₱8,239,810

22. General and Administrative Expenses

This account consists of the following:

	Note	**2024**	2023
		(In Thousands)	
Personnel costs	*24, 25*	**₱501,520**	₱452,312
Computer-related charges		**96,467**	89,736
Depreciation and amortization	*11, 13*	**73,473**	89,790
Outside services	*19*	**71,463**	60,757
Advertising		**45,275**	31,022
Transportation and travel	*19*	**36,004**	31,013
Provision for litigation	*18*	**34,014**	22,283
Insurance		**22,199**	15,410
Input VAT expense		**17,084**	13,599
Provision for ECL	*8*	**16,243**	5,981
Communication, light and water		**13,463**	9,185
Rent	*17, 19*	**8,532**	4,841
Entertainment, amusement and recreation		**7,753**	2,066
Taxes and licenses		**4,894**	7,764
Material and supplies used		**2,883**	3,290
Repairs and maintenance		**809**	3,765
Service fees		**431**	301
Others	*9*	**18,274**	5,690
		₱970,781	₱848,805

Others consist of various expenses that are individually immaterial such as food and subsistence, and other corporate expenses.

23. Other Income (Charges)

Financing Charges

	Note	2024	2023
		(In Thousands)	
Interest expense on:			
Short-term notes payable	*14*	**₱109,033**	₱40,322
Long-term debt	*16*	**252,243**	260,869
Amortization of:			
Obligation under lease	*17*	**83,395**	57,385
Debt transaction costs	*16*	**6,302**	7,345
Other financing charges		**16,059**	6,233
		₱467,032	₱372,154

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of December 31, 2024 and 2023 amounted to ₱57.5 million and ₱62.3 million, respectively (see Note 15).

Others - net

	Note	2024	2023
		(In Thousands)	
Gain on disposal of property and equipment	*11*	**₱65,779**	₱5,433
Interest income	*7,19*	**232**	148
Foreign exchange losses		**(2,669)**	(1,182)
Others – net		**103,383**	3,582
		₱166,725	₱7,981

"Others – net" includes write-off of long outstanding payables and accruals amounting to ₱101.0 million in 2024, prompt payment discount and other items that are individually immaterial.

24. Personnel Costs

Details of personnel costs are as follows:

	Note	2024	2023
		(In Thousands)	
Salaries and wages		**₱635,461**	₱603,398
Retirement benefit costs	*25*	**50,741**	53,026
Other employee benefits		**116,313**	124,511
		₱802,515	₱780,935

Other employee benefits include medical allowances and hospitalization, Social Security System, PhilHealth, Pag-IBIG premiums, directors' fee and other items that are individually immaterial.

25. **Retirement Benefits**

The Company has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Company's retirement plans meet the minimum requirement specified under Republic Act No. 7641, *Retirement Pay Law.*

The fund is administered by trustee banks under the supervision of the Board of Trustees who is also responsible for the investment strategy of the plan. The investment strategy of the Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Company expects to contribute ₱16 million to the retirement fund in 2025. The Company's transaction with the plan pertain to contribution and benefit payments.

The following tables summarize the components of retirement benefit cost included in the parent company statements of profit or loss are as follows:

	Years Ended December 31	
	2024	2023
	(In Thousands)	
Current service cost	**₱34,477**	₱36,897
Net interest cost	**16,264**	16,129
	₱50,741	₱53,026

The following tables summarize the fund status and amounts recognized in the parent company statements of financial position:

	December 31, 2024		
	Defined Benefit Obligations	**Fair Value of Plan Assets**	**Accrued Retirement Benefits**
		(In Thousands)	
January 1	**₱304,242**	**(₱22,402)**	**₱281,840**
Net retirement benefits cost in profit or loss:			
Current service cost	**34,477**	**–**	**34,477**
Net interest cost	**17,600**	**(1,336)**	**16,264**
	52,077	**(1,336)**	**50,741**
Benefits paid from plan assets	**(17,314)**	**17,314**	**–**
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Demographic assumptions	**(38,178)**	**–**	**(38,178)**
Financial assumptions	**376**	**–**	**376**
Experience adjustments	**8,168**	**–**	**8,168**
Return on plan assets	**–**	**(2,796)**	**(2,796)**
	(29,634)	**(2,796)**	**(32,430)**
Actual contributions	**–**	**(15,311)**	**(15,311)**
December 31	**₱309,371**	**(₱24,531)**	**₱284,840**

	December 31, 2023		
	Defined Benefit Obligations	Fair Value of Plan Assets	Accrued Retirement Benefits
		(In Thousands)	
January 1	₱243,032	(₱21,678)	₱221,354
Net retirement benefits cost in profit or loss:			
Current service cost	36,897	–	36,897
Net interest cost	17,766	(1,637)	16,129
	54,663	(1,637)	53,026
Benefits paid from plan assets	(32,490)	32,490	–
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	36,376	–	36,376
Experience adjustments	2,661	–	2,661
Return on plan assets	–	2,351	2,351
	39,037	2,351	41,388
Actual contributions	–	(33,928)	(33,928)
December 31	₱304,242	(₱22,402)	₱281,840

The plan assets available for benefits are as follows:

	December 31	
	2024	2023
	(In Thousands)	
Cash and cash equivalents	**₱50**	₱20
Investments in government and other debt securities	**445**	523
Investments in unit investment trust fund (UITF)	**24,034**	21,855
Others	**2**	4
Fair value of plan assets	**₱24,531**	₱22,402

The Company's plan assets do not have quoted market price in active market except for some debt instrument by the Company. The plan assets have diverse investments and do not have any concentration risk. The plan assets are handled by BDO Unibank, Inc.

As of December 31, 2024 and 2023, the Company has no transactions with its retirement funds such as loans, investments, gratuities, or surety. The fund also does not have investments in debt or equity securities of the companies in the Company.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk. Management reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The cost of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The Company updates the actuarial valuation every year by hiring the services of a third-party qualified actuary. The latest actuarial valuation report was as of reporting date. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining DBO for the Company's plans as of January 1 are shown below.

	2024	2023
Discount rate	**6.13%**	7.31%
Future salary increase	**6.00%**	6.00%
Turnover rate	**0%-7.50%**	0%-7.50%

As of December 31, 2024, the discount rate, future salary increases rate and turnover rate used were 6.12%, 6.00%, and 6.37% - 22.55%, respectively.

The accrued retirement benefits is subject to several key assumptions. Shown below is the sensitivity analysis of the retirement obligation to reasonably possible changes on each significant assumption as of December 31, 2024 and 2023:

	Increase (Decrease)	Impact on Accrued Retirement Benefits **2024**	2023
		(In Thousands)	
Discount rate	+1%	**(₱20,075)**	(₱31,253)
	-1%	**22,572**	36,715
Salary increase rate	+1%	**22,375**	36,391
	-1%	**(20,277)**	(31,563)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The average duration of the defined benefit obligation at the end of the reporting period is 6.9 years and 11.2 years as of December 31, 2024 and 2023, respectively.

Maturity analysis of the benefit payments:

	2024	2023
	(In Thousands)	
Less than 5 years	**₱152,250**	₱70,499
More than 5 year to 10 years	**289,498**	209,166
More than 10 years	**718,515**	2,236,258

26. **Income Taxes**

a. The components of provision (benefit from) for income tax are as follows:

	Years Ended December 31 **2024**	2023
	(In Thousands)	
Current - MCIT	**₱34,768**	₱45,406
Deferred	**(28,241)**	4,180
	₱6,527	₱49,586

b. The components of the Company's recognized net deferred income tax assets and liabilities are as follows:

	Years Ended December 31	
	2024	2023
	(In Thousands)	
Directly recognized in profit or loss		
Deferred income tax assets on:		
Accrued retirement benefits	**₱50,470**	₱41,612
NOLCO	**9,204**	–
Unamortized past service cost	**3,067**	4,242
Obligations under lease	**309,863**	363,332
Accrual on estimates	**2,780**	–
	375,384	409,186
Deferred income tax liability on:		
Right-of-use assets	**(296,216)**	(356,683)
Unamortized debt arrangements fees and others	**(4,266)**	(5,842)
	74,902	46,661
Directly recognized in OCI		
Deferred income tax asset on remeasurement of accrued retirement benefit costs	**20,740**	28,848
	₱95,642	₱75,509

Deferred income tax assets on obligations under leases and deferred income tax liabilities on right-of-use assets pertain to lease arrangements that are treated as operating lease for tax purposes.

c. Details of the Company's NOLCO and excess MCIT over RCIT which can be carried forward and claimed as tax credit against regular taxable income and regular income tax due, respectively are as follows:

NOLCO

					Balances as at December 31, 2024	
Year incurred	Available until	Amount	Applied	Expired	*(In Thousands)* Amount	Tax
2021*	2026	₱435,572	(₱398,755)	₱–	₱36,817	₱9,204

**Expiration is based on "Bayanihan to Recover as One Act 2"*

Excess MCIT over RCIT

					Balances as at December 31, 2024
Year incurred	Available until	Amount	Applied	Expired	*(In Thousands)* Amount
2024	2027	₱34,768	₱–	₱–	₱34,768
2023	2026	41,498	–	–	41,498
2022	2025	16,687	–	–	16,687
2021	2024	804	–	(804)	–
Total		₱93,757	₱–	(₱804)	₱92,953

d. The following are the Company's NOLCO, excess MCIT over RCIT, and other deductible temporary differences for which no deferred tax assets have been recognized:

	Years Ended December 31	
	2024	2023
	(In Thousands)	
NOLCO	**₱–**	₱435,572
Accruals and provisions	**641,517**	829,737
Excess MCIT over RCIT	**92,953**	62,897
Allowance for ECL	**78,806**	65,588
Allowance for cargo losses and damages	**58,933**	62,587
Allowance for impairment of refundable deposit	**3,025**	–
Unrealized foreign exchange loss	**2,999**	1,119
Allowance for inventory obsolescence	**836**	836
Allowance for impairment of asset	**736**	736
Impairment of investment in subsidiary	**250**	250

e. Reconciliation between the income tax expense computed at statutory income tax rate of 25% to the provision for income tax as shown in profit or loss is as follows:

	Years Ended December 31	
	2024	2023
	(In Thousands)	
Tax effect of income at statutory rates	**₱128,263**	₱353,101
Income tax effects of:		
Application of NOLCO for which no deferred income tax assets were recognized	**(108,893)**	(425,281)
Deductible temporary difference for which no deferred income tax assets were recognized	**(16,497)**	147,312
Nondeductible expenses	**3,683**	15,043
Interest income already subjected to final tax	**(29)**	(37)
Dividend income	**–**	(40,645)
Others	**–**	93
Provision for income tax	**₱6,527**	₱49,586

27. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt and obligations under lease. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company has other various financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

The main risks arising from the Company's financial instruments are credit risk involving possible exposure to counter-party default, primarily, on its trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments and maturing obligations; foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings; and interest rate risk resulting from movements in interest rates that may have an impact on interest bearing financial instruments.

There has been no change to the Company's exposure to credit, liquidity, foreign exchange, and interest rate risks on the manner in which it manages and measures the risks since prior years.

The Company uses derivative investments to manage exposures to fuel price risks arising from the Company's operations and its sources of financing. The details of the Company's derivative transactions, including the risk management objectives and the accounting results are discussed in this note.

Credit risk
To manage credit risk, the Company has policies in place to ensure that all customers that wish to trade on credit terms are subject to credit verification procedures and approval of the Credit Committee. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts. The Company has policies that limit the amount of credit exposure to any particular customer.

The Company's exposures to credit risks are primarily attributable to cash and collection of trade and other receivables with a maximum exposure equal to the carrying amount of these financial instruments. The Company has concentration of credit risk given that majority of the Company's cash and cash equivalents are deposited in the local affiliated bank. Management assessed and believes that the Company is not exposed to any significant risk since the local affiliated bank is a related party and is one of the country's reputable banks. The Company does not have any significant credit risk exposure to other single counterparties. As of December 31, 2024 and 2023, the Company did not hold collateral from any counterparty.

The credit quality per class of financial assets and contract assets that are current or neither past due nor impaired is as follows:

December 31, 2024

	High	**Medium**	**Total**
Financial Assets		*(In Thousands)*	
Cash in banks	**₱231,904**	**₱–**	**₱231,904**
Cash equivalents	**1,279**	**–**	**1,279**
Trade receivables	**–**	**609,167**	**609,167**
Nontrade receivables	**–**	**5,549**	**5,549**
Refundable deposits	**102,968**	**–**	**102,968**
Advances to officers and employees[1]	**4,675**	**–**	**4,675**
Contract assets	**–**	**315,706**	**315,706**
	₱340,826	**₱930,422**	**₱1,271,248**

[1]*Excluding advances amounting to ₱3.4 million subject to liquidation*

December 31, 2023

	High	Medium	Total
Financial Assets		*(In Thousands)*	
Cash in banks	₱240,208	₱–	₱240,208
Cash equivalents	1,279	–	1,279
Trade receivables	–	748,007	748,007
Nontrade receivables	–	107,112	107,112
Refundable deposits	84,958	–	84,958
Advances to officers and employees[1]	4,502	–	4,502
Contract assets	–	100,521	100,521
	₱330,947	₱955,640	₱1,286,587

[1]*Excluding advances amounting to ₱9.9 million subject to liquidation*

High quality receivables pertain to receivables from related parties and customers with good favorable credit standing. Medium quality receivables pertain to receivables from customers that slide beyond the credit terms but pay a week after being past due. For new customers, the Company has no basis yet as far as payment habit is concerned.

The Company evaluated its cash in banks as high quality financial assets since these are placed in financial institutions of high credit standing. The Company also evaluated its advances to officers and employees as high grade since these are collected through salary deductions. The credit risk for refundable deposits is considered negligible as the Company has ongoing lease agreements with counterparties with sound financial condition and sufficient liquidity.

The aging per class of financial assets and contract assets and the expected credit loss are as follows:

		Past Due					**Expected**	
December 31, 2024	**Current**	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**91 to 120 Days**	**Over 120 Days**	**Credit Loss**	**Total**
				(In Thousands)				
Financial assets								
Cash in banks	**₱231,904**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱231,904**
Cash equivalents	**1,279**	**–**	**–**	**–**	**–**	**–**	**–**	**1,279**
Trade receivables	**609,167**	**185,128**	**34,520**	**12,781**	**14,712**	**36,401**	**(43,854)**	**848,855**
Nontrade receivables	**5,549**	**37,319**	**5,395**	**12,609**	**4,533**	**3,006,322**	**(34,952)**	**3,036,775**
Refundable deposits	**102,968**	**–**	**–**	**–**	**–**	**–**	**–**	**102,968**
Advances to officers and employees[1]	**4,675**	**–**	**–**	**–**	**–**	**–**	**–**	**4,675**
Contract assets	**315,706**	**–**	**–**	**–**	**–**	**–**	**–**	**315,706**
Total	**₱1,271,248**	**₱222,447**	**₱39,915**	**₱25,390**	**₱19,245**	**₱3,042,723**	**(₱78,806)**	**₱4,542,162**

[1]*Excluding advances amounting to ₱3.4 million subject to liquidation*

		Past Due					Expected	
December 31, 2023	Current	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Credit Loss	Total
				(In Thousands)				
Financial assets								
Cash in banks	₱240,208	₱–	₱–	₱–	₱–	₱–	₱–	₱240,208
Cash equivalents	1,279	–	–	–	–	–	–	1,279
Trade receivables	748,007	161,813	37,815	11,870	1,230	93,867	(43,854)	1,010,748
Nontrade receivables	107,112	40,259	136,020	71,109	23,271	2,910,885	(21,734)	3,266,922
Refundable deposits	84,958	–	–	–	–	–	–	84,958
Advances to officers and employees[1]	4,502	–	–	–	–	–	–	4,502
Contract assets	100,521	–	–	–	–	–	–	100,521
Total	₱1,286,587	₱202,072	₱173,835	₱82,979	₱24,501	₱3,004,752	(₱65,588)	₱4,709,138

[1]*Excluding advances amounting to ₱9.9 million subject to liquidation*

Liquidity risk
The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debt by maintaining sufficient cash during the peak season of the passage business. The Company regularly evaluates its projected and actual cash flows generated from operations.

The Company's existing credit facilities with various banks are covered by the Continuing Suretyship for the accounts of the Company.

The liability of the Surety is primary and solidary and is not contingent upon the pursuit by the bank of whatever remedies it may have against the debtor or collaterals/liens it may possess. If any of the secured obligations is not paid or performed on due date (at stated maturity or by acceleration), the Surety shall, without need for any notice, demand or any other account or deed, immediately be liable therefore and the Surety shall pay and perform the same.

The following table summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual repayment obligations and the Company's cash to be generated from operations and the Company's financial assets:

	December 31, 2024			
	Less than 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	**₱2,913,347**	**₱–**	**₱–**	**₱2,913,347**
Short-term notes payable	**1,645,000**	**–**	**–**	**1,645,000**
Long-term debt[2]	**340,000**	**3,220,000**	**–**	**3,560,000**
Obligations under lease[3]	**312,342**	**1,094,846**	**18,796**	**1,425,984**
	₱5,210,689	**₱4,314,846**	**₱18,796**	**₱9,544,331**
Financial Assets				
Cash and cash equivalents	**₱266,247**	**₱–**	**₱–**	**₱266,247**
Trade and other receivables[4]	**4,295,548**	**–**	**–**	**4,295,548**
Refundable deposits	**18,510**	**84,458**	**–**	**102,968**
	₱4,580,305	**₱84,458**	**₱–**	**₱4,664,763**

	December 31, 2024			
	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	₱2,777,418	₱–	₱–	₱2,777,418
Short-term notes payable	890,000	–	–	890,000
Long-term debt[2]	340,000	3,560,000	–	3,900,000
Obligations under lease[3]	297,267	1,263,936	162,048	1,723,251
	₱4,304,685	₱4,823,936	₱162,048	₱9,290,669
Financial Assets				
Cash and cash equivalents	₱274,780	₱–	₱–	₱274,780
Trade and other receivables[4]	4,291,616	–	–	4,291,616
Refundable deposits	26,818	58,140	–	84,958
	₱4,593,214	₱58,140	₱–	₱4,651,354

[1] *Excluding nonfinancial liabilities amounting to ₱263.2 million and ₱483.4 million as of December 31, 2024 and 2023, respectively.*
[2] *Gross of unamortized debt arrangement fees amounting to ₱17.1 million and ₱23.4 million as of December 31, 2024 and 2023, respectively.*
[3] *Gross of interest component amounting to ₱186.5 million and ₱269.9 million as of December 31, 2024 and 2023, respectively.*
[4] *Excluding nonfinancial assets amounting to ₱94.4 million and ₱101.0 million as of December 31,2024 and 2023, respectively, and current portion of receivable from a related party in 2024 and 2023.*

Trade and other payables and maturing other liabilities are expected to be settled using cash to be generated from operations, drawing from existing and new credit lines, and additional capital contribution of the shareholders.

The future interest repayment for the long-term debt is as follows:

	December 31	
	2024	2023
	(In Thousands)	
Less than 1 Year	**₱228,396**	₱252,517
1 to 5 years	**426,658**	655,054
Total	**₱655,054**	₱907,571

The undrawn loan commitments from credit facilities of the Company amounted to ₱3.2 billion and ₱2.6 billion as of December 31, 2024 and 2023, respectively.

Foreign exchange risk
Foreign currency risk arises when the Company enters into transactions denominated in currencies other than their functional currency. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments.

To mitigate the risk of incurring foreign exchange losses, the Company maintains cash in banks in foreign currency to match its financial liabilities.

The Company has no significant foreign currency-denominated financial assets and financial liabilities as of December 31, 2024 and 2023.

The Company has recognized foreign exchange loss amounting to ₱2.7 million and ₱1.1 million for the years ended December 31, 2024 and 2023, respectively.

There is no other impact on the Company's equity other than those already affecting profit or loss.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.
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Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are subject to fixed interest rates ranging from 4.9% to 7.0% and 5.85% to 7.50% in 2024 and 2023, respectively.

The Company's ₱3.6 billion long-term debt under the BDO Term Loan Facility Agreements includes ₱3.1 billion long-term debt which bear floating interest rates and exposes the Company to cash flow interest rate risk.

The table below sets forth the estimated change in the Company's income before tax (through the impact on the floating interest rate borrowings) due to parallel changes in the interest rate curve in terms of the basis points (bp) as of December 31, 2024 and 2023, with all other variables held constant. There is no other impact on the Company's equity other than those already affecting the parent company statements of profit or loss.

	Decrease (increase) in loss before income tax	
	December 31	
	2024	2023
	(In Thousands)	
100 bp rise	**₱35,429**	₱38,766
100 bp fall	**(35,429)**	(38,766)
50 bp rise	**17,715**	19,383
50 bp fall	**(17,715)**	(19,383)

<u>Capital Risk Management Objectives and Procedures</u>
The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and produce adequate and continuous opportunities to its employees; and to provide an adequate return to shareholders by pricing products/services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company's overall strategy in managing its capital remains unchanged since the prior year.

The Company considers its total equity as its capital. The Company monitors capital on the basis of the carrying amount of equity as presented on the parent company statement of financial position. The capital ratios are as follows:

	December 31	
	2024	2023
Assets financed by:		
Creditors	**71%**	73%
Stockholders	**29%**	27%

As of December 31, 2024 and 2023, the Company met its capital management objectives.

28. Fair Values of Financial Instruments and Nonfinancial Assets

Assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable; and,
Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	(In Thousands)			
Financial Liabilities				
Long-term debts	**₱3,542,948**	**₱3,688,657**	₱3,876,645	₱4,039,849
Obligations under lease	**1,239,454**	**1,238,009**	1,453,327	1,434,762
	₱4,782,402	**₱4,926,666**	₱5,329,972	₱5,474,611

The following methods and assumptions are used to estimate the fair value of each class of financial instruments and non-financial assets:

Cash and cash equivalents, trade and other receivables, trade and other payables, refundable deposits included under "Other current assets"
The carrying amounts of these financial instruments approximate their respective fair values due to their relatively short-term maturities.

Refundable deposits included under "Other noncurrent assets"
The carrying amount of this financial instrument is carried at present value due to the long-term nature of this account. The fair value of refundable deposits was computed by discounting the expected cash flows ranging from 6.28% to 6.31% as the EIR. The computed fair value approximates the carrying amount of this account.

Short-term notes payable
The carrying value of short-term notes payable that reprice every three (3) months, approximates their fair value because of recent and regular repricing based on current market rate. For fixed rate loans, the carrying value approximates fair value due to its short-term maturities, ranging from three months to twelve months.

Long-term debt
Discount rate of 7.9% and 7.8% was used in calculating the fair value of the long-term debt as of December 31, 2024 and 2023, respectively.

Obligations under lease
The fair values of obligations under finance lease are based on the discounted net present value of cash flows using the discount rate ranging from 7.8% to 7.9% and 7.1% to 7.8% as of December 31, 2024 and 2023, respectively.

29. Notes to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

For the Year Ended December 31, 2024

		Cash Flows				
	January 1, 2024	**Availments**	**Payments**	**Net**	**Others**	**December 31, 2024**
			(In Thousands)			
Short-term notes payable	**₱890,000**	**₱1,490,000**	**(₱735,000)**	**₱755,000**	**₱–**	**₱1,645,000**
Current portion of:						
Long-term debt	**333,698**	**–**	**(340,000)**	**(340,000)**	**340,272**	**333,970**
Obligations under lease	**213,873**	**–**	**(213,873)**	**(213,873)**	**242,545**	**242,545**
Noncurrent portion of:						
Long-term debt	**3,542,947**	**–**	**–**	**–**	**(333,969)**	**3,208,978**
Obligations under lease	**1,239,454**	**–**	**–**	**–**	**(242,545)**	**996,909**
Accrued interest	**62,293**	**–**	**(465,502)**	**(465,502)**	**460,730**	**57,521**
Total liabilities from financing activities	**₱6,282,265**	**₱1,490,000**	**(₱1,754,375)**	**(₱264,375)**	**₱467,033**	**₱6,484,923**

For the Year Ended December 31, 2023

		Cash Flows				
	January 1, 2023	Availments	Payments	Net	Others	December 31, 2023
			(In Thousands)			
Short-term notes payable	₱1,125,000	₱990,000	(₱1,225,000)	(₱235,000)	₱–	₱890,000
Current portion of:						
Long-term debt	3,496,823	–	(100,000)	(100,000)	(3,063,125)	333,698
Obligations under lease	79,841	–	(166,278)	(166,278)	300,310	213,873
Noncurrent portion of:						
Long-term debt	497,977	–	–	–	3,044,970	3,542,947
Obligations under lease	642,890	–	–	–	596,564	1,239,454
Accrued interest	53,509	–	(356,025)	(356,025)	364,809	62,293
Total liabilities from financing activities	₱5,896,040	₱990,000	(₱1,847,303)	(₱857,303)	₱1,243,528	₱6,282,265

"Others" includes the effect of the following:

a. reclassification of non-current portion to current due to the passage of time;
b. amortization of debt transaction costs capitalized amounting to ₱6.3 million in 2024 and ₱7.3 million in 2023;
c. payment of debt transaction cost amounting to ₱25.5 million in 2023 (nil in 2024);
d. availment of obligation under lease amounting to nil and ₱896.9 million in 2024 and 2023 respectively and
e. amortization of obligation under lease which was paid during the year and included in the "Interest and financing charges" in the consolidated statements of cash flows, amounting to ₱83.4 million in 2024 and ₱57.4 million in 2023.

30. Supplementary Information Required Under Revenue Regulation No. 15-2010

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the Bureau of Internal Revenue (BIR) to provide in the notes to the parent company financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the parent company financial statements which were prepared in accordance with PFRS Accounting Standards.

The following are the tax information required for the taxable year ended December 31, 2024:

a. Value Added Tax (VAT)

	Amount
	(In Thousands)
1. Output VAT	₱1,533,228
Basis of Output VAT:	
Vatable sales	₱12,630,390
Sales to government	146,512
Zero-rated sales	281,796
Exempt sales	177,929
	₱13,236,627

2. Input VAT	
Beginning of the year	₱7,352
Current year's domestic purchases:	
Goods other than capital goods	567,402
Services lodged under other accounts	622,692
Importation of goods other than capital goods	77,852
Capital goods not exceeding P1.0 million	14
Claims for tax credit/refund and other adjustments	(11,414)
Utilized for the year	(1,263,898)
Balance at the end of the year	₱–

The Company's sales are subject to VAT while its importation and purchases from other VAT-registered individuals or corporations are subject to input VAT. The vat rate is 12%.

Zero-rated sales of services consist of sales which were rendered to BOI and PEZA registered enterprises and sale of vessels which were paid for in foreign currency and were accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas [Sections 108 (B)(2) and (3) of the NIRC, as amended].

Exempt sales consist of sales made for the transport of senior citizens on actual transportation fare for domestic sea transport [Section 10, Revenue Regulations No. 7-2010].

Sales of services subject to VAT are based on actual collections received since for VAT purposes, the VAT on the sale of services accrues upon actual or constructive receipt of the consideration, whether or not services has been rendered. Hence, amounts may not be the same as the amounts accrued in the parent company statements of profit or loss.

b. Withholding Taxes

	Amount
	(In Thousands)
Tax on compensation and benefits	₱96,576
Expanded withholding taxes	177,539
Final withholding taxes	80
	₱274,195

c. Landed Costs

Details of the Company’s importations are shown below:

	Amount
	(In Thousands)
Total landed cost of imports	₱631,441
Custom duties	17,333
	₱648,774

d. All Other Taxes (Local and National)

	Amount
	(In Thousands)
Other taxes paid during the year recognized under “Taxes and licenses” account under “Cost of Services”, “General and Administrative Expenses” and “Others-net”	
License and permit fees	₱6,521
Real estate taxes	7,774
Documentary stamp tax	259
Others	48,219
	₱62,773

Information on the excise taxes are not applicable since there are no Company transactions in the current year that are subject to these taxes.

e. Tax Cases

As at December 31, 2024, the Company has no pending tax court cases.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of 2GO Group, Inc. as at December 31, 2024 and 2023 and for the years then ended, and have issued our report thereon dated February 18, 2025. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the management of 2GO Group, Inc. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic parent company financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465275, January 2, 2025, Makati City

February 18, 2025

2GO GROUP, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

Unappropriated Retained earnings (deficit), beginning of reporting period				**(₱1,749,465)**
Add:	**Category A:**	**Items that are directly credited to Unappropriated Retained Earnings**		
		Reversal of Retained Earnings Appropriation/s	–	
		Effect of restatements or prior-year adjustments	–	
		Others (describe nature)	–	–
Less:	**Category B:**	**Items that are directly debited to Unappropriated Retained Earnings**		
		Dividend declaration during the reporting period	–	
		Retained Earnings appropriated during the reporting period	–	
		Effect of restatements or prior-year adjustments	–	
Unappropriated Retained Earnings, as adjusted				**(₱1,749,465)**
Add/Less:	**Net Income (Loss) for the current year**			**506,525**
Less:	**Category C.1:**	**Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
		Equity in net income of associate/joint venture, net of dividends declared	–	
		Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Unrealized fair value gain of Investment Property	–	
		Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Add:	**Category C.2:**	**Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**		
		Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Realized fair value gain of Investment Property	–	
		Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–

Add:	**Category C.3:**	**Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)**		
		Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Reversal of previously recorded fair value gain of Investment Property	–	
		Reversal of previously recorded other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Adjusted Net Income (Loss)				**(1,242,940)**
Add:	**Category D:**	**Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
		Depreciation on revaluation increment (after tax)	–	
		Sub-total		–
Add/ (Less)	**Category E:**	**Adjustments related to relief granted by the SEC and BSP**		
		Amortization of the effect of reporting relief	–	
		Total amount of reporting relief granted during the year	–	
		Others (describe nature)	–	
		Sub-total		–
Add/ (Less)	**Category F:**	**Other items that should be excluded from the determination of the amount of available for dividends distribution**		
		Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
		Net movement of deferred tax asset not considered in the reconciling items under the previous categories	33,802	
		Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	–	
		Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
		Others (describe nature)	–	
		Sub-total		33,802
Total Retained Earnings, end of reporting period available for dividend				**(₱1,209,138)**

Republic of the Philippines)
Taguig City, Metro Manila) S.S.

CERTIFICATION

I, **ELMER B. SERRANO,** of legal age, Filipino, and with address at 1105, Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, Philippines, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the duly appointed Corporate Secretary of **2GO GROUP, INC**. (the **Corporation**), a corporation duly organized and existing under the laws of the Philippines, with SEC Registration No. 4409, and with offices at the 8th Floor, Tower 1, DoubleDragon Plaza, EDSA Extension cor. Macapagal Avenue, Pasay City.

2. That I have caused the preparation of this Annual Report (**SEC 17-A**) on behalf of the Corporation

3. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or authentic records;

4. That the Corporation will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

5. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and

6. That the e-mail account designated by the Corporation pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the Corporation in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this APR 15 2025 at Taguig City.

[redacted]

ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 15 2025 at Taguig City, affiant exhibited to me his Tax Identification No. [redacted]

Doc. No. 503;
Page No. 102;
Book No. I;
Series of 2025.

[redacted]

ERIELLE ROBYN T. ONGCHAN
Appointment No. 133 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Attorney's Roll No. 88303
1105 Tower 2 High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6356477; 01.03.25; Taguig City
IBP Receipt No. 495636; 01.02.25; Pasig City
Admitted to the Bar on [illegible]